

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 17, 2026

NEW MONEY ISSUE: BOOK-ENTRY-ONLY

S&P GLOBAL RATINGS (See “Ratings” herein): AA

In the opinion of Bond Counsel, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), based on existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, as described under Appendix B - “Form of Legal Opinion of Bond Counsel and Tax Exemption” herein. In the opinion of Bond Counsel, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

TOWN OF WATERFORD, CONNECTICUT \$12,600,000 GENERAL OBLIGATION BONDS, ISSUE OF 2026 (BOOK-ENTRY-ONLY)

Dated: Date of Delivery

Due: March 1, as shown below

MATURITY SCHEDULE									
Maturity	Amount	Coupon	Yield	CUSIP ¹	Maturity	Amount	Coupon	Yield	CUSIP ¹
2028	\$665,000			941383---	2038	\$665,000			941383---
2029	665,000			941383---	2039	665,000			941383---
2030	665,000			941383---	2040	660,000			941383---
2031	665,000			941383---	2041	660,000			941383---
2032	665,000			941383---	2042	660,000			941383---
2033	665,000			941383---	2043	660,000			941383---
2034	665,000			941383---	2044	660,000			941383---
2035	665,000			941383---	2045	660,000			941383---
2036	665,000			941383---	2046	660,000			941383---
2037	665,000			941383---					

Electronic bids via PARITY® for the Bonds will be received until 11:30 A.M. (Eastern Time) on Tuesday, February 24, 2026 at Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 as described in the Notice of Sale for the Bonds (see Appendix D herein).

Interest on the Bonds will be payable on September 1, 2026 and semiannually thereafter on March 1 and September 1 in each year until maturity.

The Bonds are subject to redemption prior to maturity as more fully described herein. See “Optional Redemption” herein.

The \$12,600,000 General Obligation Bonds, Issue of 2026 (the “Bonds”) will be general obligations of the Town of Waterford, Connecticut (the “Town”), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds. See “Security and Remedies” herein.

The Bonds will be issued by means of a book-entry-only system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of, redemption premium if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. See “Book-Entry-Only Transfer System” herein.

U.S. Bank Trust Company, National Association, City Plaza I, 185 Asylum Street, 27th Floor, Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent, and Paying Agent for the Bonds.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Shipman & Goodwin, LLP, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about March 10, 2026.

This cover page contains certain information for quick reference only. It is NOT a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems, Inc., which is not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

No dealer, broker, salesperson or other person has been authorized by the Town of Waterford, Connecticut (the “Town”) or the Municipal Advisor (as defined herein) to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

The Official Statement has been prepared only in connection with the initial offering and sale of the Bonds may not be reproduced or used in whole or in part for any other purpose.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – “Basic Financial Statements” herein, the independent auditors for the Town are not passing on, and do not assume any responsibility for, the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Other than matters expressly set forth in Appendix B, herein, Bond Counsel is not passing on, and does not assume any responsibility for, the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

The Town deems this Official Statement to be “final” as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1).

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign or domestic terrorism or domestic violent extremism; (xi) disruptions to the Town’s technology network and systems, including computer systems and software; and (xii) other factors contained in this Official Statement.

BOND COUNSEL
SHIPMAN & GOODWIN LLP
Hartford, Connecticut
(860) 251-5000

MUNICIPAL ADVISOR
MUNISTAT SERVICES, INC.
Madison, Connecticut
(860) 372-1887

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BOND ISSUE SUMMARY

The information in this Bond Issue Summary and the cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	<u>Tuesday, February 24, 2026, 11:30 A.M. (Eastern Time).</u>
Location of Sale:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443.
Issuer:	Town of Waterford, Connecticut (the “Town”).
Issue:	\$12,600,000 General Obligation Bonds, Issue of 2026 (the “Bonds”).
Dated Date:	Date of delivery, March 10, 2026.
Interest Due:	September 1, 2026 and semiannually thereafter on March 1 and September 1 in each year until maturity or earlier redemption.
Principal Due:	Serially, March 1, 2028 through 2046, as detailed on the cover page of this Official Statement.
Authorization and Purpose:	The Bond proceeds will be used to finance the Oswegatchie Fire Station project authorized by the voters of the Town of Waterford. See “Authorization and Purpose” and “Use of Bond Proceeds” herein.
Redemption:	The Bonds <u>are</u> subject to redemption prior to maturity as more fully described herein. See “Optional Redemption” herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
Credit Ratings:	The Town received a credit rating of “AA”, with a stable outlook from S&P Global Ratings (“S&P”) on the Bonds. See “Ratings” herein.
Basis of Award:	Lowest True Interest Cost (TIC), as of dated date.
Tax Exemption:	See Appendix B – Form of Legal Opinion of Bond Counsel and Tax Exemption.
Bank Qualification:	The Bonds <u>shall not</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
Continuing Disclosure:	In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notices of the occurrence of certain events, within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the form of Appendix C to this Official Statement.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27 th Floor, Hartford, Connecticut 06103.
Legal Opinion:	Shipman & Goodwin, LLP Hartford, Connecticut, will serve as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about March 10, 2026 against payment in Federal Funds .
Issuer Official:	Questions concerning the Official Statement should be directed to Kimberly Allen, Director of Finance, Town of Waterford, Town Hall, 15 Rope Ferry Road, Waterford, Connecticut 06385. Telephone: 860-444-5840.
Municipal Advisor:	Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Susan Caron, Vice President, Telephone: 860-372-1887.

The Preliminary Official Statement is available in electronic form only at www.i-dealprospectus.com and munistat.com. For additional information please contact the Municipal Advisor at susan.caron@munistat.com or mark.chapman@munistat.com

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Waterford, Connecticut (the “Town”) in connection with the sale and issuance of \$12,600,000 General Obligation Bonds, Issue of 2026 (the “Bonds”) of the Town.

The Bonds are being offered for sale at public bidding. A Notice of Sale, dated February 17, 2026, has been furnished to prospective bidders. Reference is made to the Notice of Sale (See Appendix D to this Official Statement) for the terms and conditions of the bidding on the Bonds.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. Neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents, and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town.

Munistat Services, Inc. (“Munistat”) is engaged as the “Municipal Advisor” to the Town in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and is not passing upon and does not assume responsibility for, the sufficiency, accuracy or completeness of the financial information presented herein.

Bond Counsel is not passing upon, and does not assume responsibility for, the sufficiency, accuracy or completeness of the statements made in this Official Statement (other than matters expressly set forth in its opinion in Appendix B hereto) and it makes no representation that it has independently verified the same.

Bond Counsel expresses no opinion regarding any tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds other than as set forth in Appendix B – Form of legal Opinion of Bond Counsel and Tax Exemption.

The Town considers this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature in annual installments on March 1 in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be in denominations of \$5,000 or any integral multiples thereof. Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year until maturity, commencing on September 1, 2026, and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth of February and August in each year, or the preceding business day if the fifteenth is not a business day. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day

months. A book-entry-only transfer system will be employed evidencing ownership of the Bonds with transfers of ownership on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. The Certifying Agent, Paying Agent, Registrar and Transfer Agent for the Bonds will be U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Shipman & Goodwin LLP in substantially the form set forth in Appendix B to this Official Statement.

The Bonds are subject to redemption prior to maturity as more fully described herein.

OPTIONAL REDEMPTION

The Bonds maturing on or before March 1, 2034 are **not** subject to redemption prior to maturity. The Bonds maturing on March 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after March 1, 2034, at any time in whole or in part and by lot within a maturity in such amounts and in such order of maturity as the Town may determine, at the redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus accrued interest and unpaid interest, to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
March 1, 2034 and thereafter	100%

NOTICE OF REDEMPTION

Notice of redemption for the Bonds shall be given by the Town or its agent by mailing a copy of the redemption notice by first class mail not less than twenty (20) days prior to the redemption date to the registered owner of such Bonds designated for redemption in whole or in part at the address of such registered owner as the name shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of the Depository Trust Company (“DTC”), is the registered owner of the Bonds, notice of redemption will be sent only to DTC (or a successor securities depository) or its successor nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine, provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or integral multiples thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town or its agent, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. See “Book-Entry-Only Transfer System” herein for a discussion of DTC, and definitions of “Direct Participants”, “Indirect Participants” and “Beneficial Owners”. Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interest in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interest in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, or be the responsibility of, the Town, the Registrar or Paying Agent, for the Bonds.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity and interest rate, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds in an issue are being redeemed, DTC's practice is to determine by lot, the amount of interest for each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

The Town will not have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to the payments or providing notice to DTC Participants, Indirect Participants or Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

REPLACEMENT BONDS

The determination of the Town officials authorizing the issuance of the Bonds provides for issuance of fully-registered bond and note certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town is authorized to issue fully registered Bonds directly to the Beneficial Owner. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC PRACTICES

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenues. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue that the Town would have received except for the limitation upon its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted by the Congress or the Connecticut General Assembly and to the exercise of judicial discretion. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements if it is specifically authorized in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof, or by State law or a governmental officer or organization empowered by State law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy under Chapter 9 of Title 11 of the United States Code without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue notes or other obligations.

CONSIDERATION FOR BONDHOLDERS

In making an investment decision with respect to the Bonds, investors should consider carefully the information in this Official Statement and, in addition to those investment characteristics of fixed-rate municipal debt obligations, consider the following factors:

Cybersecurity

The Town like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including, but not limited to, hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including comprehensive procedures relating to the security of the Town's government networks. Additionally, the Town purchases cybersecurity insurance, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of

any such attack could impact business operations and/or damage the Town's digital networks and systems and the costs of remedying any such damage could be substantial.

Environmental Factors

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. Like much of Connecticut, the Town is vulnerable to inland wetland, small river and stream flooding. The Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town has a Flood and Erosion Control Board, a Beach Management Plan, a Plan of Conservation and Development, an Ad Hoc Energy Task Force and has completed an impact assessment to address climate change. The Town has implemented many of the recommendations from the assessment including but not limited to, pump station resiliency projects, manholes, flood insurance for several of the pump stations and the Town created a Capital Reserve Fund specific for Water and Sewer Mains. While the Town cannot predict the timing, extent or severity of climate change and its impact on the Town's operations and finances, the Town believes it holds sufficient reserves and annually budgets for contingencies to address unforeseen expenses resulting from the increasing frequency of severe weather. The Town is prepared to quickly respond and recover from any such events that would exceed its annual operating budget. In an effort to address climate change, the Town has enrolled in the Sustainable CT program and received a "Bronze" designation from the program.

QUALIFICATIONS FOR FINANCIAL INSTITUTIONS

The Bonds **shall not** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

AVAILABILITY OF CONTINUING DISCLOSURE

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events within ten (10) business days of the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information and operating data on or before the date specified in the Continuing Disclosure Agreements, pursuant to a Continuing Disclosure Agreement for the Bonds to be executed by the Town substantially in the form attached as Appendix C to this Official Statement

The intent of such undertakings is to provide on a continuing basis the information described in the Rule. Accordingly, there is reserved the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of such information to be provided under such undertaking, the obligation pursuant to the Rule to provide such information also shall cease immediately.

The purpose of such undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights other than the remedy of specific performance in the event of any actual failure by the Town to comply with its written undertaking.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds or notes to provide annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past five years, the Town has not failed to comply in any material respect with its previous undertakings under such agreements.

The Town is not responsible for any failure by Electronic Municipal Market Access (“EMMA”) or any other nationally recognized municipal securities information repository to timely post disclosure submitted to it by the Town or any failure to associate such submitted disclosure to all related CUSIPs.

AUTHORIZATION AND PURPOSE

The Bonds are issued pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of Waterford, and to a borrowing resolution approved by the Town at a Representative Town Meeting on October 6, 2025.

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the Oswegatchie Fire Station Project which includes construction of a new fire station and the demolition of the old fire station as authorized by the Town:

Project	Amount Authorization	Previously Bonded	Grants/ Premium Applied	Bonds This Issue
Oswegatchie Fire Station Project.....	\$ 12,600,000	\$ -	\$ -	\$ 12,600,000

RATINGS

The Town received a credit rating of “AA” with a stable outlook from S&P Global Ratings (“S&P”), on the Bonds.

Generally, a rating agency bases ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. The ratings reflect only the view of the rating agencies and an explanation of the significance of such ratings may be obtained from S&P Global Ratings, 55 Water Street, 45th Floor, New York, New York 10041 and Moody’s Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by such rating agencies if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Town’s bonds or notes, including the Bonds.

Certain outstanding bonds of the Town are rated “Aa2” by Moody’s Ratings (“Moody’s”).

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Waterford is served by an extensive network of highways that provide easy access to local and regional markets. Interstate 95 runs east and west connecting New York, Providence and Boston. Interstate 395 begins in Waterford at its intersection with Interstate 95 connecting the area with Worcester, MA. Additional arterial highways include Connecticut routes 1, 32, 85, 156, and 213. Major airlines serve Bradley International Airport in Windsor Locks, Connecticut and TF Green International Airport in Warwick, Rhode Island which are both within an hour's drive from Waterford. Railroad passenger service is provided by Amtrak. Ferry service is available to Orient Point, Long Island and Fishers Island year-round and Block Island and Montauk Point seasonally. Greyhound bus service completes the multi-modal options at the transportation center. Freight service is available from Conrail along the Northeast Corridor and the New England Central Railway and Providence and Worcester railroad provide service through Worcester, MA to Canada. A number of intrastate and interstate buses and trucking companies serve the Town. Deep water port shipping facilities are available at the State Pier in New London with direct connections to rail service and to Interstate highways.

The Town has a Selectmen/Board of Finance/Representative Town meeting form of government. The Representative Town Meeting (“RTM”) is the legislative authority of the Town. The Board of Selectmen is comprised of three members who are elected at large for four-year terms. The RTM is elected for two-year terms. The First Selectman is the Chief Executive Officer of the Town government and is responsible to the RTM for the administration of all affairs relating to the Town.

The Board of Education is comprised of nine members. Members are elected biennially for overlapping four-year terms to allow for continuity. The Board of Education appoints the Superintendent of Schools, who administers the Waterford school system that is comprised of one high school, one middle school, three elementary schools and a preschool magnet school that serves both Waterford and New London.

PRINCIPAL TOWN OFFICIALS

Office	Name	Manner of Selection	Term of Office
First Selectman.....	Robert J. Brule.....	Elected	11/23-11/27
Selectman.....	Rich Muckle.....	Elected	11/23-11/27
Selectman.....	Greg Attanasio.....	Elected	11/23-11/27
Director of Finance.....	Kimberly Allen.....	Appointed	Indefinite
Treasurer.....	Abbas Danesh.....	Elected	11/23-11/27
Superintendent of Schools..	Thomas W. Girard III.....	Appointed	Indefinite
Chairman, Board of Finance.	Glenn Patterson.....	Elected	11/25-11/29
Tax Collector.....	Alan Wilensky.....	Elected	11/23-11/27
Assessor.....	Paige Walton.....	Appointed	Indefinite
Planning Director.....	Mark Wujtewicz.....	Appointed	Indefinite

Source: Town Officials.

ECONOMIC DEVELOPMENT

The Dominion Nuclear Power Facility (known as “Millstone”), is situated in the Town of Waterford. Approximately 1,650 employees work at the power plant, which in January 2019 signed an agreement to extend its power generating services contract for 10 years.

Development has been taking place in Mago Point, a redevelopment area which includes a fishing pier and boardwalk. A pickleball club opened in 2024 adding to the businesses at Mago Point. Several multifamily complexes are either recently completed or in development. They include 40 units (including 32 affordable) at 908 Hartford Turnpike, 420 units (including 44 affordable) on Willets Avenue, 40 single family homes at 48 Great Neck Road (4 affordable) , as well as 47 single family style units (including 15 affordable) on Clark Lane.

The defense industry continues to play a major and vital role in the economy of the region. Leading the way is Electric Boat (“EB”), a division of General Dynamics, which in 2014-2015 was awarded over \$19 billion in contracts for the construction of, and the provision of support services of, submarines for the U.S. Navy. An additional \$5.1 billion contract was awarded in 2017 to complete the design of the Columbia Class Submarine. In 2018, a maintenance contract was awarded to EB for work on the Virginia Class Submarine. The vast majority of this work will extend 15-40 years, guaranteeing continued employment in the area for over 4,400 engineering and technical service employees. In 2025, EB announced the purchase of the Crystal Mall, located in Waterford, and intends to convert the mall into office and technical space for their operations. Somewhere between 3,000 and 5,000 workers are expected to use the property, which is estimated to open in 2027.

In 2024-2025 several new businesses were constructed, including a self-storage facility on Route 85, construction of a Chipotle, two new gas stations, a car wash, Safe Futures (under construction) and a minor expansion to Wal-Mart. The Town has a large retail area off Route 85, Cross Road, and Waterford Parkways, which includes the former Crystal Mall, Waterford Commons Mall, Home Depot, Lowes, Wal-Mart, Target, Dick’s Sporting Goods, DSW Shoe Outlet, Best Buy and many other retail establishments.

SUMMARY OF MUNICIPAL SERVICES

Police Protection: The Waterford Police Department, which operates under the direction of a five-member Board of Police Commissioners, consists of the following: Chief of Police, three lieutenants, eight sergeants, two detectives, two investigators, thirty-three patrolmen, and seven full-time support positions. Of the forty-nine sworn personnel

presently in the Police Department, nine have received their Associates degree, twenty have Bachelor's Degrees and six have received Master Degrees in Criminal Justice.

Fire Protection and Ambulance: Fire protection is provided by five volunteer fire companies funded through the Town budget and under the administration of the Board of Selectmen. Full-time Town employees include a Director of Fire Services, a Fire Marshal, twenty-one career firefighters, a fire inspector and two full-time support staff positions.

The system includes fifteen volunteer firemen. The ambulances are operated by the Waterford Ambulance Association which is an independent private ambulance company. EMS apparatus includes six ambulances operating out of one building owned by the independent association. All twenty-one career firefighters are certified EMTs and the Town retains their Rhode Island license which allows Town staff to respond to medical emergencies in support of the independent contracted ambulance company.

Emergency management: The Town hired a full-time Emergency Management Director in 2020. He oversees ten full-time and twelve part-time dispatch personnel support positions.

Public Works: The Waterford Public Works Department consists of thirty-three full-time personnel assigned to six operational areas: Administration; Engineering; Highway Maintenance; Sanitation and Recycling; Facility Management; and Fleet and Light Equipment Maintenance. The Department administers an operating annual budget of nearly \$4.7 million.

Administration: Administration Division staff are the first to respond to citizen calls for services, questions, and concerns. The staff administers, coordinates and evaluates all Public Works policies, projects and programs under the direction of the Director of Public Works to ensure that essential services are provided to the public and each Town department in a responsive manner.

The staff maintains the fuel and compliance inspection for the three fueling sites in Town, prepares payroll, purchase requisitions, training requests and formal referrals to boards and commissions. It staffs Committees of the RTM, as assigned.

Engineering: Engineering is responsible for surveys, studies, design reviews, cost estimates, inspections and contract administration duties for the construction and repairs to streets, sidewalks, bridges, culverts, storm sewers and buildings. It manages professional consulting services and supports the various Town building committees. Engineering also performs plan reviews and bond estimates for Town agencies such as Planning & Zoning, Conservation Commission and Zoning Board of Appeals.

It is responsible for implementing all of the State's Department of Energy and Environmental Protection permits such as the Stormwater Pollution Prevention Plans for the Miner Lane Landfill and the Municipal complex, the Town-wide Municipal Separate Storm Sewer System Permit ("MS4") and permits to operate the solid waste facilities. Many of these permits involve sampling, monitoring, reporting, record keeping and renewals.

Highways: This division maintains approximately 242 lane miles of roads (replacement value of over \$150 million) and appurtenances. The division is responsible for snow removal on roads and 33 miles of public sidewalks. It performs minor construction work such as drainage installation, construction of asphalt sidewalks and site work. It is responsible for street sweeping, roadside vegetation control, tree maintenance and removal, traffic signals, traffic signs and markings, streetlights, catch basin cleaning and other street maintenance work. With a 65-foot aerial bucket truck, it maintains approximately 8,200 trees lining the streets, assists the Recreation and Parks Department in maintaining their ballpark lights and maintains the Fire Department's preemption devices at the major roadway intersections so that emergency vehicles are ensured safe passage through busy intersections. All traffic signs and centerline striping are maintained by this division and are compliant with the Manual on Uniform Traffic Control devices ("MUTCD") guidelines.

Contractors are utilized for special projects that the department cannot complete, i.e. crack sealing, roadway milling, paving, line striping and catch basin cleaning.

Sanitation and Recycling: This division is responsible for the residential curbside collection of municipal solid waste, recyclables, bulk waste and yard waste. The service is provided to approximately 8,000 residences using

fully automated collection vehicles and carts and for small businesses and Town owned facilities, using a front loader for dumpsters.

A transfer station is operated by this division and handles bulky waste, scrap metal, yard waste, waste oil, tires, anti-freeze, fluorescent bulbs, electronics, batteries, and mattresses.

Facility Management: This division is responsible for the maintenance of permanent Town buildings (excluding Board of Education facilities). The inventory encompasses both highly visible and customer-oriented facilities as well as operations structures and storage buildings. Other responsibilities include minor improvement projects, replacing equipment, housekeeping, and providing internal support to Town departments.

Fleet and Light Equipment Maintenance: The Fleet staff repairs all Town-owned light vehicles, heavy equipment and construction equipment, including Police, Waterford Utility Commission and Fire Administration vehicles (replacement value of over \$6 million). In addition, fabrication work is performed to customize equipment for specific functions.

Solid Waste: The Town is a member of the Southeastern Connecticut Regional Resource Recovery Authority (the “Authority”), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut. The Authority consists of eleven area towns who each appoint a member to its Board.

The Authority and the Town of Waterford entered into the Municipal Solid Waste Management Service Agreement (the “Services Agreement”) in 1985 to deliver all acceptable waste to the Authority’s Waste to Energy Facility. The Waste to Energy Facility was the solution to municipal solid waste disposal as the area landfills were closing. In 2015, bonds issued to construct the facility were paid off and the ownership of the facility transferred to the facility operator. The Authority has continued managing the disposal of certain waste classifications for its member towns through several amendments to the Services Agreement. Recently, the Authority negotiated with private vendors long term disposal contracts for acceptable waste (10 years) and recyclables (5 years). Each contract has a set fee structure. Through an Amendment (#5) to the Services Agreement dated October 2019, Waterford has agreed to deliver all acceptable waste collected within its borders to the Wheelabrator Lisbon Inc. facility located in Lisbon, CT and all recyclables to Willimantic Waste Inc, in Willimantic, CT. There is no Town minimum commitment, nor is there “put or pay” obligation.

The Authority continues to provide the following services at no cost:

- Removal of the following items; propane tanks, fluorescent bulbs, electronics, batteries, tires, mattresses, motor oil and antifreeze, oil filters and oily rags, electronic waste, Freon removal from appliances.
- Wood Grinding and chip removal.
- Regional household Hazardous Waste collection days.
- Office paper shredding.

Water: The construction of the major segment of the water system within the Town began over 25 years ago and continues on an as needed basis. The system is under the oversight of the Waterford Utility Commission that is composed of five members appointed to four-year terms. Water is supplied to the system by the City of New London, pursuant to a 40-year agreement which expires June 30, 2028. The City of New London operates and maintains the system and bills the Town’s customers directly for the water usage.

Currently the water system provides service to approximately 80% of the populated area of the Town, with the balance on private well systems. Improvements to the Town water system include, among other things, four (three active and one inactive) booster pump stations, three water towers and several miles of distribution lines. The town receives the majority of the cost of construction through assessments.

Sewer: The system is under the oversight of the Waterford Utility Commission. The sewer collection system services the community’s major populated areas. The system is serving approximately 7,451 customers or about 65% of developed properties. The Town of Waterford owns the collection system (approximately 145 miles), inclusive of twenty-eight pump stations. The City of New London provides sewage treatment and the Utility Commission is billed directly for processing costs. All flow is directed to the New London Water Pollution Control Facility and governed by an inter-municipal contract (New London/Waterford/East Lyme) which expires on October 15, 2041 with the ability to extend for an additional 10 years. The Town is using approximately 70% of its assigned capacity at the

present time. Based upon the annual cost of treatment, as well as system-wide maintenance and personnel expenditures, a user charge system has been established. All benefited developed properties are assessed to recover a portion of the capital costs of the collection system. Non-developed properties are levied a connection fee at the time of development.

Public Library: The Waterford Public Library, Inc. provides the people of Waterford with reading and research, books, media and e-books for loan, with information assistance, online databases, art exhibits, and public programs that include: story hours, computer classes, lectures, and film showings. The library provides computers for public use with Internet access and popular software applications. The library also offers Wi-Fi access.

The library is a non-profit corporation operated by a Board of Trustees. Income from an endowment supplements its annual town budget appropriation. The building is equipped with a computerized circulation system and houses approximately 83,000 items. The library employs eleven full-time, ten part-time personnel and five library pages who work approximately three to nine hours a week.

Recreation and Parks : The nine member Recreation and Parks Commission is responsible for the management, control and development of the Town's recreational and park facilities. The commission employs thirteen full-time, one part-time clerical, one part-time pool director and over one hundred seasonal employees to maintain 593 acres of park and Town Owned land, and 169 acres of land under the control of the Board of Education. It conducts over 178 recreational programs throughout the year and acts as the primary liaison to various co-sponsored programs which include little league baseball, youth football/cheerleading, basketball, soccer, community band, lacrosse, Babe Ruth American Legion Baseball/Softball and the Waterford Harvest Day celebration to promote the Town. Facilities include a 97 acre beach park with 1,700 feet of frontage on Long Island Sound, a 34 acre outdoor recreational park, a 100 acre natural park and numerous smaller park and recreation sites. The commission also operates the Community Center in conjunction with Senior Services which includes a variety of activity venues. Additional responsibilities include scheduling Town facilities and coordinating use of schools.

Senior Services: Under the oversight of the eight member Senior Citizen Commission, the Senior Services Department provides support to both homebound and active individuals sixty years of age and older. Senior Services provides local transportation for the elderly and individuals with disabilities, a meal site, meals on wheels, health clinics, health insurance counseling, assistance with entitlement and financial assistance programs, a full range of recreational and enrichment programs, as well as social functions. The Senior Services staff is comprised of a Director, an Assistant Director, a full-time Senior Assistant, a full-time Office Support Technician, a part-time Community Café manager, five part-time bus drivers, five part-time Meals on Wheels drivers and a seasonal-time enrollment clerk who works approximately eight days throughout the year.

Utilities and Other Services: Electricity is supplied by Eversource with an agreement with Constellation through the CCM Energy Purchasing Program. This contract will expire in December 2028. Eversource supplies natural gas to a small area of the Town.

TOWN EMPLOYEES

The following is a breakdown by category of the Town's current permanent full-time and part-time employees:

Department	Paid Positions
General Government.....	42
Public Works.....	33
Public Safety.....	96
Others.....	68
Sub-Total.....	239
Board of Education.....	479
Total.....	718

The following table illustrates the permanent full and part-time Town employees for the last five fiscal years:

Fiscal Year	2026	2025	2024	2023	2022
General Government.....	239	237	233	231	232
Board of Education.....	479	470	457	436	436
Total.....	718	707	690	667	668

Source: Town Officials.

MUNICIPAL EMPLOYEES' BARGAINING UNITS

Bargaining Group	Organization	Number of Employees	Current Contract Expiration
<u>General Government</u>			
Local 818-062 of Council #4, AFL-CIO, General Government Administrators.....	AFSCME.....	20	June 30, 2027
United Public Service Employees Union (COPS), Waterford Police.....	UPSEU.....	50	June 30, 2026
Local 1303-037 of Council #4 AFL-CIO.....	AFSCME.....	65	June 30, 2026
Waterford Professional Firefighters Association Union Local 4629, International Association of Firefighters, AFL-CIO.....	AFSCME.....	20	June 30, 2028
United Public Service Employees Union, Public Safety Dispatchers.....	UPSEU.....	11	June 30, 2026
	General Government Total.....	166	
<u>Board of Education</u>			
Waterford Federation of Classroom Teachers.....	WFCT.....	240	June 30, 2027
Waterford Administrators and Supervisors Association.....	WASA.....	11	June 30, 2028
United Public Service Employees Union, BOE Secretaries, Clerks & Assistants, Unit #10.....	UPSEU.....	21	June 30, 2027
United Public Service Employees Union, Waterford BOE Food Service Employees Unit.....	UPSEU.....	16	June 30, 2025 ¹
United Public Service Employees Union, Waterford Custodian and Maintenance Association	UPSEU.....	32	June 30, 2025 ¹
Local 1303-209 of Council #4 (Education Paraprofessionals).....	AFSCME.....	92	June 30, 2027
	Board of Education sub-total....	412	
Total General Government and Board of Education.....		578	

¹ In negotiation.

Source: Town of Waterford.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATION SYSTEM

SCHOOL FACILITIES

School	Grades	Construction/Addition/ Renovation	Number of Classrooms	2025-2026 Enrollment	Rated Capacity
Great Neck.....	Pre-K-5	2010	22	319	430
Oswegatchie.....	Pre-K-5	2009	22	329	430
Quaker Hill.....	Pre-K-5	2008	22	372	430
Clark Lane Middle School.	6-8	1953, 1960, 1965, 1973, 1987, 1995, 2006	50	506	834
Waterford High School.....	9-12	1957, 1959, 1962, 1968, 1982, 2013	50	709	1,163
Total			166	2,235	3,287

¹ The Special Education students are embedded in Pre-School through High School categories.
Source: Town of Waterford, Board of Education.

SCHOOL ENROLLMENT

School Year	Grades K-5	Grades 6-8	Grades 9-12	Special Education ¹	Pre- School	Total
<i>Historical</i>						
2017-18	1,057	593	854	437	149	2,653
2018-19	1,036	589	847	437	46	2,518
2019-20	993	586	810	435	51	2,440
2020-21	926	589	790	415	49	2,354
2021-22	937	572	782	400	57	2,348
2022-23	946	557	762	430	73	2,338
2023-24	985	553	740	440	63	2,341
2024-25	944	533	732	438	72	2,281
2025-26	920	508	706	440	73	2,207
<i>Projected</i>						
2026-27	993	502	676	440	73	2,244
2027-28	896	502	662	440	73	2,133
2028-29	867	503	616	440	73	2,059
2029-30	856	521	613	440	73	2,063
2030-31	841	489	625	440	73	2,028

¹ The Special Education students are embedded in the Pre-School through High School categories.
Source: Town of Waterford, Board of Education.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

Year	Town of Waterford			Southeastern CT Planning Region ³	
	Population ¹	% Increase	Density ²		State of Connecticut
1980	17,843	3.6	537	238,409	3,107,576
1990	17,930	0.5	540	254,957	3,287,116
2000	19,152	6.8	577	259,088	3,405,565
2010	19,517	1.9	588	272,360	3,545,837
2020	18,911	(3.1)	570	266,868	3,570,549
2024	19,673	4.0	593	279,971	3,624,508

¹ 1980-2024 – U.S. Census Bureau.

² Per square mile: 33.2 square miles.

³ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.

AGE DISTRIBUTION OF THE POPULATION

Age	Town of Waterford		Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Under 5.....	873	4.4	13,387	4.8	181,691	5.0
5 - 9.....	987	5.0	13,978	5.0	195,164	5.4
10 - 14.....	1,279	6.5	16,528	5.9	214,972	5.9
15 - 19.....	988	5.0	17,987	6.4	239,710	6.6
20 - 24.....	998	5.1	19,723	7.0	238,387	6.6
25 - 34.....	2,486	12.6	36,907	13.2	454,892	12.6
35 - 44.....	2,044	10.4	33,770	12.1	460,916	12.7
45 - 54.....	2,782	14.1	32,685	11.7	453,917	12.5
55 - 59.....	1,446	7.4	19,900	7.1	256,068	7.1
60 - 64.....	1,341	6.8	20,430	7.3	258,234	7.1
65 - 74.....	2,412	12.3	31,920	11.4	386,232	10.7
75 - 84.....	1,355	6.9	16,399	5.9	196,373	5.4
85 and over..	682	3.5	6,357	2.3	87,952	2.4
Total	19,673	100.0	279,971	100.0	3,624,508	100.0
Median Age (years)	46.0		41.1		41.1	

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

INCOME DISTRIBUTION

	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000	1	0.0	1,939	2.7	24,004	2.6
\$ 10,000 to 14,999	40	0.7	1,381	1.9	12,584	1.4
\$ 15,000 to 24,999	217	4.0	2,456	3.4	27,285	3.0
\$ 25,000 to 34,999	162	3.0	3,169	4.4	33,429	3.6
\$ 35,000 to 49,999	398	7.2	5,437	7.6	59,826	6.5
\$ 50,000 to 74,999	542	9.9	9,463	13.2	106,611	11.6
\$ 75,000 to 99,999	657	12.0	9,197	12.8	106,893	11.6
\$100,000 to 149,999 ..	1,352	24.6	14,956	20.8	182,785	19.8
\$150,000 to 199,999 ..	1,064	19.4	11,091	15.5	131,310	14.3
\$200,000 or more	1,057	19.3	12,677	17.7	236,661	25.7
Total	5,490	100.0	71,766	100.0	921,388	100.0

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.
Source: U.S. Census Bureau, 2020-2024 American Community Survey.

INCOME LEVELS

	Town of Waterford	Southeastern CT Planning Region ¹	State of Connecticut
Per Capita Income, 2024.....	\$54,056	\$47,133	\$55,915
Per Capita Income, 2020.....	\$44,931	\$40,995	\$45,668
Per Capita Income, 2010.....	\$37,690	\$32,888	\$36,775
Per Capita Income, 2000.....	\$26,807	\$28,766	\$28,766
 Median Family Income, 2024.....	 \$120,992	 \$108,228	 \$122,706
Median Family Income, 2020.....	\$106,983	\$94,894	\$102,061
Median Family Income, 2010.....	\$91,893	\$80,425	\$84,170
Median Family Income, 2000.....	\$65,659	\$65,521	\$65,521
 Percent Below Poverty Level 2024.....	 3.9%	 7.8%	 6.9%

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data is shown.
Source: U.S. Department of Commerce, Bureau of Census, 2020, 2010, 2000; U.S. Census Bureau, 2020-2024 American Community Survey.

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EDUCATIONAL ATTAINMENT
Years of School Completed Age 25 and Over

	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	132	0.9	5,909	3.0	101,458	4.0
9th to 12th grade.....	429	2.9	8,396	4.2	114,887	4.5
High School graduate.....	4,367	30.0	57,464	29.0	647,192	25.3
Some college - no degree.....	2,656	18.3	38,024	19.2	410,903	16.1
Associates degree.....	1,063	7.3	17,552	8.8	195,081	7.6
Bachelor's degree.....	3,415	23.5	39,277	19.8	595,631	23.3
Graduate or professional degree.....	2,486	17.1	31,746	16.0	489,432	19.2
Total.....	<u>14,548</u>	<u>100.0</u>	<u>198,368</u>	<u>100.0</u>	<u>2,554,584</u>	<u>100.0</u>
Percent High School Graduate or Higher..		96.1%		92.8%		91.5%
Percent Bachelor's Degree or Higher.....		40.6%		35.8%		42.5%

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.
Source: U.S. Census Bureau, 2020-2024 American Community Survey.

MAJOR EMPLOYERS

Employer	Nature of Business	Estimated Number of Employees as of January 2026
Dominion Nuclear (Millstone).....	Nuclear Power Plant.....	1,650
Sonalyt Inc.....	Government Contractor.....	985
Town of Waterford.....	Municipality.....	718
Walmart Stores, Inc.....	Rental Store.....	497
Home Depot USA, Inc.....	Hardware & Lumber Supply Store.....	294
B & W Paving.....	Landscape Contractors.....	250-499
Lowe's Home Improvement Center.....	Hardware & Lumber Supply Store.....	119
Bayview Health Care Center.....	Health Care Facility.....	200
BJ's Wholsale.....	Retail Store.....	112
Coca Cola Bottling.....	Distributor.....	120
Airgas Store.....	Gas Industry/Med-Cylinder.....	100-249
Stop & Shop.....	Grocery Store.....	100-249
Target.....	Department Store.....	100-249
Waterford Yellow Cab & Service Co.....	Taxicabs.....	100-249
Careco Medical.....	Clinics.....	100-249
Eastern Community Development.....	Social Service & Welfare Organizations.....	100-249
Greentree Manor Nurse & Rehab.....	Nursing Home.....	100-249
Smilow Cancer Hosp Care Center.....	Cancer Treatment Center.....	100-249

Source: Town Officials and ct.gov website (labor market information as of July 21, 2025).

EMPLOYMENT BY INDUSTRY

	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fisheries.....	25	0.3	904	0.7	7,132	0.4
Construction.....	463	4.9	8,507	6.3	113,006	6.1
Manufacturing.....	1,590	17.0	20,706	15.2	198,526	10.7
Wholesale trade.....	121	1.3	1,764	1.3	35,592	1.9
Retail trade.....	967	10.3	14,345	10.6	192,698	10.4
Transportation & warehousing & utilities...	535	5.7	5,381	4.0	87,076	4.7
Information.....	155	1.7	1,970	1.5	37,488	2.0
Finance, insurance, real estate.....	376	4.0	5,725	4.2	161,226	8.7
Professional, scientific & management.....	799	8.5	12,967	9.5	228,229	12.3
Educational, health & social services.....	2,611	27.9	35,314	26.0	496,559	26.8
Arts, entertainment & recreation.....	581	6.2	16,740	12.3	143,851	7.8
Other professional services.....	438	4.7	5,211	3.8	80,617	4.4
Public administration.....	701	7.5	6,247	4.6	67,864	3.7
Total.....	9,362	100.0	135,781	100.0	1,849,864	100.0

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region.

Previous to the 2022 data, New London County data was used.

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

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EMPLOYMENT DATA

Yearly Average	Percentage Unemployed			
	Town of Waterford %	New London Labor Market ¹ %	State of Connecticut %	United States %
2015	5.3	6.1	5.6	5.3
2016	4.5	5.0	4.8	4.9
2017	4.0	4.3	4.4	4.4
2018	3.4	3.8	3.9	3.9
2019	3.3	3.5	3.6	3.7
2020	8.3	10.0	8.0	8.1
2021	6.1	6.9	6.4	5.4
2022	4.0	4.1	4.1	3.7
2023	3.0	3.2	3.2	3.6
2024	2.9	3.1	3.2	4.0

2025 Monthly ²				
January	3.5	3.9	4.0	4.4
March	3.5	3.9	4.1	4.2
May	3.5	3.8	3.9	4.0
July	3.7	4.1	4.2	4.6
September	3.4	3.7	3.8	4.3
November	4.2	4.2	4.2	4.3

¹ Not seasonally adjusted.

² Estimated

Source: Department of Labor, State of Connecticut.

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AGE DISTRIBUTION OF HOUSING

Year Built	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1939 or earlier.....	1,570	17.5	29,792	23.6	311,584	20.2
1940 - 1949.....	509	5.7	5,307	4.2	96,711	6.3
1950 - 1959.....	1,592	17.7	13,569	10.7	217,807	14.1
1960 - 1969.....	1,045	11.6	15,669	12.4	199,847	13.0
1970 - 1979.....	903	10.0	17,865	14.1	210,797	13.7
1980 - 1989.....	1,050	11.7	15,862	12.5	199,083	12.9
1990 - 1999.....	868	9.7	9,887	7.8	115,803	7.5
2000 - 2009.....	1,042	11.6	12,415	9.8	109,783	7.1
2010 - 2013.....	329	3.7	5,019	4.0	69,596	4.5
2014 or later.....	82	0.9	1,040	0.8	10,811	0.7
Total.....	8,990	100.0	126,425	100.0	1,541,822	100.0

Percent Owner Occupied..... 79.7% 65.1% 66.5%

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.
Source: U.S. Census Bureau, 2020-2024 American Community Survey.

HOUSING INVENTORY

Type	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1-unit, detached.....	7,234	80.5	77,228	61.1	902,771	58.6
1-unit, attached.....	602	6.7	7,259	5.7	99,493	6.5
2 units.....	141	1.6	9,617	7.6	115,211	7.5
3 or 4 units.....	123	1.4	9,047	7.2	125,486	8.1
5 to 9 units.....	258	2.9	7,331	5.8	76,014	4.9
10 to 19 units.....	67	0.7	4,525	3.6	54,675	3.5
20 or more units.....	350	3.9	8,521	6.7	156,730	10.2
Mobile home, boat, other.....	215	2.4	2,897	2.3	11,442	0.7
Total	8,990	100.0	126,425	100.0	1,541,822	100.0

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.
Source: U.S. Census Bureau, 2020-2024 American Community Survey.

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OWNER-OCCUPIED HOUSING VALUES

Sales Price Category	Town of Waterford		Southeastern CT Planning Region ¹		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	213	3.3	2,894	3.8	23,262	2.4
\$ 50,000 to \$ 99,999 ...	94	1.5	1,541	2.0	14,209	1.5
\$ 100,000 to \$149,999 ...	102	1.6	2,994	4.0	31,134	3.3
\$ 150,000 to \$199,999 ...	283	4.4	6,068	8.1	65,851	6.9
\$ 200,000 to \$299,999 ...	1,472	22.8	20,051	26.6	205,349	21.5
\$ 300,000 to \$499,999 ...	3,197	49.5	29,171	38.7	350,277	36.8
\$ 500,000 to \$999,999 ...	939	14.5	10,946	14.5	197,853	20.8
\$1,000,000 and over	160	2.5	1,676	2.2	65,054	6.8
Total	6,460	100.0	75,341	100.0	952,989	100.0
Median Value ²	\$165,400		\$147,300		\$166,900	
Median Value ³	\$355,900		\$323,400		\$366,900	

¹ Starting with the 2020-2024 American Community Survey data, the area was adjusted to reflect the Southeastern Connecticut Planning Region. Previous to the 2022 data, New London County data was used.

² U.S. Department of Commerce, Bureau of Census, 2000.

³ U.S. Census Bureau, 2020-2024 American Community Survey.

Source: U.S. Census Bureau, 2020-2024 American Community Survey.

BUILDING PERMITS

Fiscal Year Ending 6/30	Residential		Commercial/Industrial		Other		Total	
	Number	Value	Number	Value	Number	Value	Number	Value
2025	837	21,839,996	34	6,916,236	61	32,346,048	932	61,102,280
2024	731	20,362,076	50	7,640,962	51	16,118,247	832	44,121,285
2023	733	16,042,743	32	3,472,710	29	21,486,958	794	41,002,411
2022	703	12,660,024	49	1,934,910	29	13,697,374	781	28,292,308
2021	634	10,501,917	59	9,121,922	31	24,912,214	724	44,536,053
2020	553	7,983,509	61	6,541,412	30	12,835,570	644	27,360,491
2019	549	9,579,184	63	3,217,980	28	12,900,395	640	25,697,559
2018	476	7,180,748	65	6,754,295	30	8,012,229	571	21,947,272
2017	259	3,026,158	21	1,322,256	27	4,945,905	307	9,294,319

Source: Building Department, Town of Waterford.

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IV. TAX BASE DATA

ASSESSMENTS

The Town had a general property revaluation effective on the Grand List of October 1, 2022. The next revaluation is scheduled for October 1, 2026. Under Section 12-62 of the Connecticut General Statutes, as amended, the Town must do a revaluation every five years and the assessor must fully inspect each parcel, including measuring or verifying the exterior dimensions of a building and entering and examining the interior of the building once every ten years. Section 12-62 also imposes a penalty on municipalities that fail to effect revaluations as required, with certain exceptions. Municipalities may choose to phase-in real property assessment increases resulting from a revaluation, but such phase-in must be implemented in less than five assessment years. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the Town for inclusion onto the Grand List are the responsibilities of the Town's Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property and motor vehicles located within the Town on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments for real property are computed at seventy percent (70%) of the estimated market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is revalued annually. An assessor's check and audit is completed periodically. Assessments for personal property are computed at seventy percent (70%) of the annual appraisal value.

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2021, and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for motor vehicles for fiscal year 2025-2026 is 23.36.

For the fiscal year ending June 30, 2022, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2020, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills. For the fiscal year ending June 30, 2023, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 32.46 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 32.46 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2021, and each assessment year thereafter, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 27.56 mills.

Motor vehicle lists are furnished to the Town by the State of Connecticut, and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule as recommended by the State of Connecticut Office of Policy and Management and the Assessor of the Town. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next July 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the proration is based on the number of months of ownership between October 1 and the following July 1. Motor vehicles purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October 1 Grand List, the taxpayer

is entitled to certain credits. Assessments for motor vehicles are computed at seventy percent (70%) of the annual appraisal value.

TAX ABATEMENT

The Town provides a Tax Abatement Program for low and moderate income housing that authorizes the Board of Selectmen to abate in whole or in part the real property taxes on such housing provided that the owner apply the money equivalent of the taxes to reduce rents below the levels which would be achieved in the absence of abatement; to improve housing quality or design; to effect occupancy by persons and families of varying income levels; or to provide necessary related facilities.

In accordance with Section 12-48 of the Connecticut General Statutes Annotated, the Town provides for a Homestead Exemption in the amount of \$225 for any elderly person who owns real estate in the Town or is liable for the payment of taxes thereon and occupies the real estate and who qualifies under specific conditions.

PROPERTY TAX COLLECTION PROCEDURE

Real estate taxes are paid on the Grand List of the prior October 1 and are payable in two installments, one half on July 1 and one half on January 1. Both personal property and automobile taxes are due and payable, in full, on July 1. Payments not received by August 1 and February 1 become delinquent, with interest charged at the rate of 1.5 percent per month from the due date of the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are automatically lien-ed each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. Real estate accounts are transferred to suspense 15 years after the due date in accordance with State Statutes.

COMPARATIVE ASSESSED VALUATIONS

Grand List Dated	Real Property (%)	Personal Property (%)	Motor Vehicle Property (%)	Gross Taxable Grand List	Less Exemptions ¹	Net Taxable Grand List	% Growth
2024	68.3	27.2	4.5	\$4,520,242,545	\$78,860,934	\$4,441,381,611	-1.7%
2023	72.6	22.5	4.9	4,588,271,007	69,246,143	4,519,024,864	-0.3%
2022 ²	71.9	23.1	5.0	4,601,604,207	67,520,850	4,534,083,357	29.1%
2021	67.1	26.8	6.1	3,576,707,469	63,844,999	3,512,862,470	3.7%
2020	68.7	26.3	5.0	3,454,901,228	66,993,212	3,387,908,016	1.7%
2019	69.7	25.5	4.8	3,395,938,372	64,981,415	3,330,956,957	0.9%
2018	70.5	24.8	4.7	3,362,086,504	61,572,909	3,300,513,595	0.3%
2017 ²	70.5	24.8	4.7	3,347,450,396	56,689,313	3,290,761,083	1.6%
2016	70.9	24.4	4.7	3,300,196,718	61,134,520	3,239,062,198	1.4%
2015	71.2	24.1	4.7	3,258,966,532	65,204,828	3,193,761,704	1.1%

¹ Connecticut General Statutes Section 12-81 (72) exempts new manufacturing equipment from property taxation by municipalities.

² Revaluation year.

Source: Assessor's Office, Town of Waterford.

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PROPERTY TAX LEVIES AND COLLECTIONS

Grand List 1-Oct	FY Ending 30-Jun	Net Taxable Grand List	Mill Rate	Tax Levy	Percent Collected End of Each Fiscal Year	Percent Uncollected End of Each Fiscal Year	Percent Annual Levy Uncollected 6/30/2025	Amount Uncollected as of 6/30/2025
2024	2026	\$4,441,381,611	23.36	\$103,023,460	-Collections 7/1/2025 and 1/1/2026-			
2023	2025	4,519,024,864	22.30	99,414,638	99.6%	0.4%	0.4%	\$422,045
2022	2024	4,534,083,357	21.20	95,976,324	99.5%	0.5%	0.2%	157,546
2021	2023	3,512,862,470	27.56	97,046,345	99.5%	0.5%	0.1%	77,422
2020	2022	3,387,908,016	27.64	93,971,044	99.6%	0.4%	0.0%	33,631
2019	2021	3,330,956,957	27.87	92,924,263	99.5%	0.5%	0.0%	18,614
2018	2020	3,300,513,595	27.98	92,169,948	99.4%	0.6%	0.0%	17,435
2017	2019	3,290,761,083	27.42	90,301,440	99.4%	0.6%	0.0%	14,956
2016	2018	3,239,062,198	27.03	87,563,306	99.3%	0.7%	0.0%	16,418
2015	2017	3,193,761,704	26.78	85,633,930	99.3%	0.7%	0.0%	13,327

Source: Tax Collector's Office, Town of Waterford.

TEN LARGEST TAXPAYERS¹

Business-Name	Nature Of Business	Total Estimated Assessment	Rank	Percent of Total
Millstone Power Station (Dominion).....	Nuclear Power.....	\$ 1,525,425,503	1	34.35%
Eversource/Yankee Gas.....	Utility.....	102,323,890	2	2.30%
Mass Mutual Wholesale Electric.....	Business Corp.....	37,996,304	3	0.86%
Waterford Commons.....	Retail.....	33,045,290	4	0.74%
Waterford Woods, LLC.....	Apartments.....	20,765,950	5	0.47%
Yankee Gas Services.....	Utility.....	20,633,440	6	0.46%
CFC - HBAN Solar Trust.....	Utility/Solar.....	17,891,540	7	0.40%
Chase Crossroads & Waterford Plaza One LLC.....	Shopping Center.....	14,596,340	8	0.33%
Sonalyt, Inc.....	Government Contractor.....	14,515,160	9	0.33%
Charter Oak Federal Credit Union.....	Banking.....	13,843,580	10	0.31%
Total		\$ 1,801,036,997		40.55%

¹ Based on a 10/1/24 Net Taxable Grand List of \$4,441,381,611.
Source: Assessors Office, Town of Waterford.

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EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2023	\$6,998,245,951	8.04%
2022	6,477,632,423	7.52%
2021	6,024,773,503	10.33%
2020	5,460,500,822	11.23%
2019	4,908,983,774	-7.53%
2018	5,308,593,615	12.92%
2017	4,701,087,261	-2.93%
2016	4,842,942,667	6.89%
2015	4,530,813,120	-2.35%
2014	4,639,975,435	0.82%

Source: State of Connecticut, Office of Policy and Management.

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V. FINANCIAL INFORMATION

FISCAL YEAR

The Town's fiscal year begins July 1 and ends June 30.

ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Please refer to Appendix A "Basic Financial Statements" herein for compliance and implementation details.

The reporting model includes the following segments:

Management's Discussion and Analysis ("MD&A") – provides introductory information on basic financial statements and an analytical overview of the Town's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds) funds. Capital assets, including infrastructure and long-term obligations are included along with current assets and liabilities.

Fund financial statements – provide information about the Town's governmental, proprietary and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the General Fund.

Please refer to Appendix A under "Basic Financial Statements" herein for measurement focus and basis of accounting of the government-wide financial statements as well as the fiduciary fund financial statements of the Town.

BUDGETARY PROCEDURES

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those boards seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by the Board of Selectmen. During the months of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen take action on these requests no later than the second week in February and forward the budgets and its recommendations for funding to the Board of Finance. During the month of March, the Board of Finance conducts budget hearings with the requesting departments, Boards, Commissions and Agencies, including the Board of Education. The Board of Finance then conducts a public budget hearing to determine the budget it will recommend to the RTM. This recommendation cannot exceed the recommended level of appropriations by the Board of Selectmen unless a departmental appeal is made to them based upon the action by the Board of Selectmen in a timeframe approved by Ordinance. The RTM holds its annual budget meeting the first Monday in May and acts upon the recommended budget as submitted by the Board of Finance inclusive of the Board of Education. The RTM cannot increase the level of appropriation recommended by the Board of Finance unless a department appeal is made to them from the action of the Board of Finance in a timeframe approved by Ordinance. The annual budget meeting legally appropriates this budget to departmental line items for expenditures and transfers. The Board of Finance then sets a tax mill rate for the ensuing fiscal year based upon this level of budget.

Town management may transfer amounts within the series level within a department with Commission or Board approval, but only the Board of Finance is authorized to transfer the legally budgeted amounts between series which or between departmental accounts. In this function, series within the various departments serve as the level of management control.

The Superintendent of Schools is authorized to make limited line-item transfers under emergency circumstances where the urgent need for the transfer prevents the Board of Education from meeting in a timely fashion to consider the transfer. Any such transfer shall be announced at the next regularly scheduled meeting of the Board.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than generally accepted accounting principle ("GAAP"). The major difference between the budgetary and GAAP basis is the encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as assigned fund balance.

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% of the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. For the fiscal year ending June 30, 2025, the Town received \$0.00 in revenue sharing funds. For the fiscal year ending June 30, 2026 the Town anticipates receiving \$315,978.00 in revenue sharing funds.

ANNUAL AUDIT

Pursuant to Connecticut law, the Town is required to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management and a copy of the report must be filed with such Office within six months of the end of the fiscal year. For the fiscal year ended June 30, 2025, the examination was conducted by the firm of CliftonLarsonAllen, LLP certified public accountants, of West Hartford, Connecticut.

PENSION PLANS

Municipal Employees' Retirement Plan

Certain employees of the Town and Waterford Public Schools participate in the Municipal Employees' Retirement System ("MERS"). MERS is a cost-sharing, multi-employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial report as a pension trust fund. MERS issues a publicly available financial report which can be obtained at www.ct.gov.

Pension Trust Fund

The Town maintains a single employer defined benefit pension plan (the "Plan"). The Plan was established and is administered by the Town. The Plan covers employees who retired or were terminated in a vested status prior to MERS participation. There are no contributions required from the members. The Town is required to contribute the amounts necessary to finance the benefits for the participants in the Plan. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust fund. The Plan does not issue a separate stand-alone financial report.

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan is closed to new members.

The Town has obtained an actuarial valuation as of July 1, 2025:

Year Ended	Actuarial Determined Contribution (ADC)	Annual Contribution	% of ADC Contributed
<i><u>Pension Trust Fund</u></i>			
2021	\$ 59,870	\$ 82,000	136.96%
2022	59,870	83,000	138.63%
2023	27,280	27,280	100.00%
2024	27,280	27,280	100.00%
2025	22,450	22,450	100.00%
2026 ¹	22,450	22,450	100.00%

¹ Budgeted.

In accordance with GASB Statement No. 67, the components of the net position liability of the Town's pension plan as of June 30 were as follows:

	Pension Trust Fund				
	2025	2024	2023	2022	2021
Total pension liability	\$747,444	\$674,405	\$717,948	\$746,333	\$931,582
Plan fiduciary net position	494,695	506,792	509,459	522,836	639,050
Net pension liability	<u>\$252,749</u>	<u>\$167,613</u>	<u>\$208,489</u>	<u>\$223,497</u>	<u>\$292,532</u>
Plan fiduciary net position as a % of total pension liability	66.2%	75.1%	71.0%	70.1%	68.6%

The following presents the net pension liability, calculated using the discount rate of 6.25% for the Town Pension Plan, determined by an actuarial valuation as of July 1, 2025, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Fiscal year ending June 30, 2025		
	Current		
	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Town Plan:			
Net Pension Liability	\$ 300,644	\$ 252,749	\$ 207,977

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan.

For further information on the plans, please refer to Appendix A under the Town of Waterford's "Notes to Financial Statements, Note 11, herein."

OTHER POST EMPLOYMENT BENEFITS (“OPEB”)

The Town administers one single employer, post-retirement healthcare plan (“OPEB Plan”) for the Town, Police, Fire, and Board of Education employees. The OPEB Plan is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial report as the OPEB Trust fund. The Town does not issue a stand-alone financial statement for this program.

The OPEB Plan provides for medical, dental and life insurance benefits for all eligible Town, Police, Fire, and Board of Education retirees and their spouses. Benefits and contribution are established by contract and may be amended by union negotiations. The Town funds on the “pay-as-you-go” basis.

The Town also provides a life insurance policy for eligible retirees through the Town’s group life insurance policy, which covers both active and retired members. Benefit provisions are established through negotiations between the Board of Education and the union representing Board of Education employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

The Town obtained an actuarial valuation as of July 1, 2024:

Actuarial Valuation Date	Actuarial Determined Employer Contribution (ADC)	Annual Contribution	% of ADC Contributed
2021	\$ 2,139,712	\$ 1,388,794	64.91%
2022	2,217,688	1,677,660	75.65%
2023	2,231,121	1,508,151	67.60%
2024	2,505,310	1,901,704	75.91%
2025	2,516,833	2,530,390	100.54%
2026 ¹	2,804,332	1,945,506	69.38%

¹ Budgeted.

The Town implemented GASB Statement No. 75 effective in Fiscal Year 2017. In accordance with GASB Statement No. 75, the components of the OPEB liability of the Town’s pension plan as of June 30 were as follows:

	2025	2024	2023	2022	2021
Total OPEB liability	\$34,503,253	\$30,161,924	\$30,109,553	\$26,048,033	\$25,755,778
Plan fiduciary net position	16,938,432	13,311,529	10,544,654	8,452,117	9,062,017
Net OPEB liability	<u>\$ 17,564,821</u>	<u>\$ 16,850,395</u>	<u>\$ 19,564,899</u>	<u>\$ 17,595,916</u>	<u>\$ 16,693,761</u>
Plan fiduciary net position as					
a % of total OPEB liability	49.1%	44.1%	35.0%	32.4%	35.2%

The following presents the OPEB liability, determined by an actuarial valuation as of July 1, 2024, calculated using the discount rate of 6.50% for the OPEB liability, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current	1% Increase
	5.50%	Discount Rate	7.50%
		6.50%	
Net OPEB liability			
as of June 30, 2025.....	\$ 21,019,366	\$ 17,564,821	\$ 14,595,208

For further information on the plans, please refer to Appendix A under the Town of Waterford's "Notes to Financial Statements, Note 12", herein.

INVESTMENT POLICIES AND PRACTICES

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in the State's Short-Term Investment Fund, certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The Town manages the investment of its funds in compliance with the Connecticut General Statutes.

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COMPARATIVE GENERAL FUND OPERATING STATEMENT

Budget and Actual
(Budgetary Basis)

	Fiscal Year 2024-25			Fiscal Year 2025-26
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Adopted Budget
REVENUES				
Property Taxes	\$ 100,735,900	\$ 98,698,918	\$ (2,036,982)	103,566,988
Intergovernmental	1,653,221	1,276,531	(376,690)	1,854,407
Assessments and Connections	-	-	-	-
Licenses and Permits	1,181,892	1,600,335	418,443	1,133,394
Fines, Penalties, and Charges for Services	518,518	535,987	17,469	630,558
Investment Earnings	2,000,000	2,401,991	401,991	2,000,000
Other	149,427	269,014	119,587	644,132
TOTAL REVENUES	106,238,958	104,782,776	(1,456,182)	109,829,479
EXPENDITURES				
Current				
General Government	17,453,978	17,040,447	413,531	18,944,852
Public Safety	12,056,662	11,659,752	396,910	12,403,262
Public Works	6,198,836	5,858,262	340,574	5,154,902
Parks and Recreation	1,511,092	1,482,609	28,483	1,535,328
Library	1,021,022	1,012,968	8,054	1,012,780
Social Services	1,008,918	987,714	21,204	1,111,194
Education	57,611,181	57,500,835	110,346	59,828,308
Capital Outlay	-	-	-	1,101,089
Debt Service				
Principal Payments	6,595,000	6,595,000	-	7,964,500
Interest and Fiscal Charges	1,514,746	1,514,746	-	-
TOTAL EXPENDITURES	104,971,435	103,652,333	1,319,102	109,056,215
Excess (deficiency) of revenues over expenditures	1,267,523	1,130,443	(137,080)	773,264
Other financing sources (uses):				
Appropriations from Assigned Fund Balance	1,000,000	-	(1,000,000)	-
Issuance of Leases	-	-	-	-
Cancellation of Prior Year Encumbrances	-	4,789	4,789	-
Transfers In	-	137,521	137,521	-
Transfers Out	-	-	-	(773,264)
Total other financing sources (uses)	1,000,000	142,310	(857,690)	(773,264)
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other financing uses	2,267,523	1,272,753	(994,770)	-

Source: Audit Report 2025; Adopted Budget 2026.

GENERAL FUND BALANCE SHEET
Summary of Audited Assets and Liabilities
(GAAP Basis)

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
ASSETS					
Cash and Cash Equivalents	\$ 5,745,620	\$ 13,164,207	\$ 18,891,986	\$ 15,119,648	\$ 24,243,242
Investments.....	18,572,987	19,273,397	17,385,293	15,085,085	6,216,589
Receivables, Net.....	2,048,772	2,131,151	2,242,282	3,016,205	1,865,139
Interfund receivables.....	3,549,237	4,282,333	3,101,859	3,422,144	4,370,943
Inventories/Supplies.....	-	-	-	-	-
Prepaid Items.....	9,424	10,503	17,213	355,619	21,624
Other Assets.....	-	-	-	-	-
TOTAL ASSETS.....	\$ 29,926,040	\$ 38,861,591	\$ 41,638,633	\$ 36,998,701	\$ 36,717,537
LIABILITIES					
Accounts and Other Payables.....	\$ 2,291,770	\$ 2,142,946	\$ 1,899,659	\$ 1,898,185	\$ 1,901,522
Accrued Liabilities.....	3,457,551	3,318,685	3,456,545	3,750,269	3,700,623
Interfund Payables.....	2,336,623	5,401,789	7,026,537	4,482,225	5,475,070
Unearned Revenue	265,088	558,515	173,806	251,772	364,064
TOTAL LIABILITIES.....	8,351,032	11,421,935	12,556,547	10,382,451	11,441,279
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue :					
Property Taxes	1,080,519	1,077,258	1,171,568	1,486,034	1,353,008
Special Assessments.....	19,492	50,108	42,595	14,524	25,838
Grants Receivable.....	-	-	-	-	-
Lease Receivable.....	1,294,946	1,347,120	1,399,292	1,269,536	-
Other Receivable.....	800	-	-	-	115,388
TOTAL DEFERRED INFLOWS.....	2,395,757	2,474,486	2,613,455	2,770,094	1,494,234
FUND BALANCE					
Nonspendable	9,424	10,503	17,213	355,619	21,624
Committed	-	-	-	-	-
Assigned	379,230	1,270,195	365,063	486,420	779,319
Unassigned	18,790,597	23,684,472	26,086,355	23,004,117	22,981,081
TOTAL FUND BALANCE.....	19,179,251	24,965,170	26,468,631	23,846,156	23,782,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 29,926,040	\$ 38,861,591	\$ 41,638,633	\$ 36,998,701	\$ 36,717,537

Source: Audit Reports 2021-2025.

GENERAL FUND REVENUES AND EXPENDITURES

Summary of Audited Revenues and Expenditures (GAAP Basis)

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
REVENUES					
Property Taxes.....	\$98,698,918	\$96,300,388	\$97,753,984	\$93,937,215	\$93,334,211
Intergovernmental	10,310,675	10,830,903	10,156,453	9,334,839	8,732,352
Assessments and Connections.....	-	-	16,501	12,475	7,785
Licenses and Permits.....	1,752,665	1,617,277	1,643,067	1,698,801	1,988,115
Fines, Penalties, and Charges for Services....	662,197	666,183	672,526	651,929	759,850
Investment Earnings.....	2,401,991	3,091,635	2,034,123	179,842	86,327
Issuance of Leases.....	268,834	55,681	9,522	280,635	-
Issuance of Refunding Bonds.....	-	-	-	-	28,890,000
Premium on Refunding Bonds.....	-	-	-	-	-
Other.....	1,031	12,635	12,691	869	8,201
Transfers In.....	137,521	158,176	175,240	182,555	129,941
Total Revenues & Transfers In	\$114,233,832	\$112,732,878	\$112,474,107	\$106,279,160	\$133,936,782
EXPENDITURES					
Current:					
General Government	16,981,798	15,936,024	15,076,041	14,567,196	14,598,061
Public Safety.....	11,791,018	11,191,688	11,011,405	10,332,316	10,782,765
Public Works.....	5,880,810	5,682,885	5,448,008	5,274,233	4,632,630
Recreation.....	1,482,609	1,419,549	1,540,395	1,527,897	1,309,389
Library.....	1,012,968	1,063,892	988,394	972,227	1,076,263
Social Services.....	987,714	909,825	828,139	953,783	840,028
Education.....	66,483,224	63,555,640	60,319,158	58,640,004	56,903,477
Capital Outlays.....	268,834	55,681	9,522	280,635	-
Debt Services					
Principal Payments.....	6,676,465	6,522,083	5,383,429	5,840,000	5,060,000
Interest & Fiscal Charges.....	1,519,081	1,701,562	1,890,220	2,094,633	2,714,937
Payments of Escrow Agents.....	-	-	-	-	28,679,460
Transfers Out.....	6,935,230	6,197,510	7,356,921	5,732,104	3,670,910
Total Expenditures & Transfers Out	120,019,751	114,236,339	109,851,632	106,215,028	130,267,920
Results from Operations.....	(5,785,919)	(1,503,461)	2,622,475	64,132	3,668,862
Fund Balance - July 1	24,965,170	26,468,631	23,846,156	23,782,024	20,113,162
Fund Balance - June 30	\$19,179,251	\$ 24,965,170	\$ 26,468,631	\$ 23,846,156	\$ 23,782,024

Source: Audit Reports 2021-2025.

**ANALYSIS OF GENERAL FUND EQUITY
(GAAP BASIS)**

FISCAL YEAR ENDED:	2025	2024	2023	2022	2021
Nonspendable.....	\$ 9,424	\$ 10,503	\$ 17,213	\$ 355,619	\$ 21,624
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	379,230	1,270,195	365,063	486,420	779,319
Unassigned.....	18,790,597	23,684,472	26,086,355	23,004,117	22,981,081
Total Fund Balance.....	\$19,179,251	\$ 24,965,170	\$ 26,468,631	\$ 23,846,156	\$ 23,782,024
Unassigned Fund Balance As % of					
Total Expenditures.....	15.66%	20.73%	23.75%	21.66%	17.64%

Source: Audit Reports 2021-2025.

PROPERTY TAX REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Property Tax Revenues	Property Tax Revenues as a Percentage of General Fund Revenues
2026 ¹	\$109,829,479	\$103,566,988	94.3 %
2025	114,233,832	98,698,918	86.4
2024	112,732,878	96,300,388	85.4
2023	112,474,107	97,753,984	86.9
2022	106,279,160	93,937,215	88.4
2021	133,936,782	93,334,211	69.7

¹ Adopted budget.

INTERGOVERNMENTAL REVENUES

Fiscal Year	General Fund Revenues & Transfers in	Intergovernmental Revenue	Aid as a Percentage of General Fund Revenues
2026 ¹	\$109,829,479	\$1,854,407	1.7 %
2025	114,233,832	10,310,675	9.0
2024	112,732,878	10,830,903	9.6
2023	112,474,107	10,156,453	9.0
2022	106,279,160	9,334,839	8.8
2021	133,936,782	8,732,352	6.5

¹ Adopted budget.

EXPENDITURES

Fiscal Year	Education	Public Safety	General Government	Public Works	Debt Service
2026 ¹	55.3%	11.5%	17.5%	4.8%	7.4%
2025	55.4%	1.2%	14.1%	9.8%	6.8%
2024	55.6%	1.2%	14.0%	9.8%	7.2%
2023	54.9%	1.4%	13.7%	10.0%	6.6%
2022	55.2%	1.4%	13.7%	9.7%	7.5%
2021	43.7%	1.0%	11.2%	8.3%	6.0%

¹ Adopted budget.

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VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of March 10, 2026

(Pro Forma)

Long-Term Debt: Bonds

			Original	Debt Outstanding	Date of Fiscal Year
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Issue</u>	<u>As of 3/10/2026</u>	<u>Maturity</u>
<u>General Purpose</u>					
07/23/20	General Purpose.....	1.81%	\$13,655,000	\$10,230,000	2041
03/10/26	Oswegatchie Fire Station.....	<i>This Issue</i>	12,600,000	12,600,000	2046
			\$26,255,000	\$22,830,000	
<u>Schools</u>					
12/29/14	School Refunding Bonds.....	2.10%	\$9,440,000	\$845,000	2027
06/29/17	School Refunding Bonds.....	2.03%	14,585,000	8,085,000	2031
12/30/19	School Refunding Bonds.....	1.59%	9,085,000	4,615,000	2031
12/30/20	School Refunding Bonds - Taxable....	1.50%	28,890,000	18,200,000	2034
			\$62,000,000	\$31,745,000	
	Total Long-Term Debt.....		\$88,255,000	\$54,575,000	

Other Long-term Commitments:

On October 30, 2025, the Town entered into a 10-year lease purchase agreement with M&T Bank for Radio Communication Upgrades. The agreement is for \$3,600,000 at an interest rate of 3.96% and has a final maturity date of October 30, 2035. As of March 10, 2026, \$3,600,000 amount is outstanding.

Leases:

The Town leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030. As of March 10, 2026 the outstanding balance was as follows:

Leases Payable (Principal Only):

2026	\$110,668
2027	93,582
2028	<u>43,815</u>
	\$248,065

SCHOOL BUILDING GRANT REIMBURSEMENTS

Pursuant to Section 10-287i of the Connecticut General Statutes, as amended, for all school building projects approved after July 1, 1996, the State provides proportional progress payments during construction for the State's share of the eligible construction costs. The State grant will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for its share of project costs.

ANNUAL BONDED DEBT MATURITY SCHEDULE ^{1,2}

As of March 10, 2026

(Pro Forma)

Fiscal Year Ending 30-Jun	General Obligation Bonds		Bonds This Issue		Total	Percent Retired
	Principal	Interest	Principal	Interest		
2026	\$ -	\$ 151,925	\$ -	\$ -	\$ 151,925	0.00%
2027	6,395,000	1,083,426	-	-	7,478,426	11.72%
2028	5,545,000	829,375	665,000	-	7,039,375	23.10%
2029	5,770,000	632,762	665,000	-	7,067,762	34.89%
2030	5,375,000	482,770	665,000	-	6,522,770	45.96%
2031	5,340,000	344,138	665,000	-	6,349,138	56.96%
2032	3,635,000	239,800	665,000	-	4,539,800	64.84%
2033	3,570,000	166,780	665,000	-	4,401,780	72.60%
2034	1,585,000	114,224	665,000	-	2,364,224	76.72%
2035	680,000	91,800	665,000	-	1,436,800	79.18%
2036	680,000	78,200	665,000	-	1,423,200	81.65%
2037	680,000	64,600	665,000	-	1,409,600	84.11%
2038	680,000	50,575	665,000	-	1,395,575	86.58%
2039	680,000	36,125	665,000	-	1,381,125	89.04%
2040	680,000	21,675	660,000	-	1,361,675	91.50%
2041	680,000	7,225	660,000	-	1,347,225	93.95%
2042	-	-	660,000	-	660,000	95.16%
2043	-	-	660,000	-	660,000	96.37%
2044	-	-	660,000	-	660,000	97.58%
2045	-	-	660,000	-	660,000	98.79%
2046	-	-	660,000	-	660,000	100.00%
Total	\$ 41,975,000	\$ 4,395,398	\$ 12,600,000	\$ -	\$ 58,970,398	

¹ Excludes capital lease obligations and other long-term commitments.

² Excludes \$6,645,000 in principal payments and \$1,167,575 in interest payments made in fiscal year ending June 30, 2026.

OVERLAPPING/UNDERLYING DEBT

The Town does not have any overlapping debt or underlying debt.

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DEBT STATEMENT

As of March 10, 2026
(Pro Forma)

Long-Term Indebtedness

General Purpose <i>(Including this Issue)</i>	\$ 22,830,000
Schools.....	31,745,000
Lease Purchase Agreement.....	3,600,000
Total Long-Term Indebtedness.....	\$ 58,175,000

Short-Term Indebtedness

Bond Anticipation Notes payable.....	-
Total Short-Term Indebtedness.....	-

Total Direct Indebtedness..... \$ 58,175,000

Net Direct Indebtedness..... \$ 58,175,000

Overlapping/Underlying Indebtedness..... -

Total Overall Net Direct Indebtedness..... \$ 58,175,000

NOTE: Does not include capital lease obligations and authorized but unissued debt.

CURRENT DEBT RATIOS

March 10, 2026
(Pro Forma)

Population ¹	19,673
Net Taxable Grand List (10/1/24).....	\$4,441,381,611
Estimated Full Value.....	\$6,344,830,873
Equalized Net Taxable Grand List (10/1/23) ² ...	\$6,998,245,951
Per Capita Income (2024) ¹	\$54,056

	Total Direct debt \$58,175,000	Total Net Direct Debt \$58,175,000	Total Overall Net Debt \$58,175,000
Per Capita.....	\$2,957.10	\$2,957.10	\$2,957.10
Ratio to Net Taxable Grand List.....	1.31%	1.31%	1.31%
Ratio to Estimated Full Value.....	0.92%	0.92%	0.92%
Ratio to Equalized Net Taxable Grand List.....	0.83%	0.83%	0.83%
Debt per Capita to Money Income per Capita.....	5.47%	5.47%	5.47%

¹ U.S. Census Bureau, 2020-2024 American Community Survey.

² Office of Policy and Management, State of Connecticut.

BOND AUTHORIZATION

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of the Town Charter. The issuance of bonds is authorized by the Representative Town Meeting upon the recommendation of the Board of Finance and the Board of Selectmen.

MATURITIES

General obligation bonds (serial and term) are required to be payable in maturities wherein a succeeding maturity may not exceed any prior maturity by more than 50% or aggregate annual principal and interest payments must be substantially equal. The first installment of any series of bonds shall mature not later than three years from the date of the issue of such series. Pursuant to state law, all bonds issued on or after July 1, 2017, including sewer and school bonds, shall be due not later than thirty years from the date of their issuance.

TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue if the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding. The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than ten years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one-year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

LIMITATION OF INDEBTEDNESS

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Pension Liability Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base,") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The Statutes also provides for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

STATEMENT OF STATUTORY DEBT LIMITATION ¹

As of March 10, 2026

(Pro Forma)

Total Receipts for fiscal year ended June 30, 2024 (including interest and lien fees) \$ 96,300,000

State Reimbursement for Revenue Loss on:

Tax Relief for Elderly

1,000

Base for Establishing Debt Limit

\$ 96,301,000

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 216,677,250					
(4.50 times base).....		\$ 433,354,500				
(3.75 times base).....			\$ 361,128,750			
(3.25 times base).....				\$ 312,978,250		
(3.00 times base).....					\$ 288,903,000	
(7.00 times base).....						\$ 674,107,000
Indebtedness						
Bonds Payable <i>(Includes this Issue)</i>	\$ 22,830,000	\$ 31,745,000	\$ -	\$ -	\$ -	\$ 54,575,000
Notes Payable	-	-	-	-	-	-
Lease Purchases.....	3,600,000	-	-	-	-	3,600,000
Authorized but Unissued Debt.....	-	7,247,000	-	-	-	7,247,000
Total Bonded Indebtedness.....	26,430,000	38,992,000	-	-	-	65,422,000
	-	-	-	-	-	-
Net Bonded Indebtedness.....	26,430,000	38,992,000	-	-	-	65,422,000
Excess of Limit Over Outstanding and Authorized Debt.....						
	\$ 190,247,250	\$ 394,362,500	\$ 361,128,750	\$ 312,978,250	\$ 288,903,000	\$ 608,685,000

¹ Excludes capital lease obligations and other long-term commitments.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation or \$674,107,000.

AUTHORIZED BUT UNISSUED DEBT

As of March 10, 2026

(Pro Forma)

Project	Amount of Total Authorization	Prior Debt Issued	Paydowns / Grants/ Other	Bonds This Issue	Authorized But Unissued Debt
Waterford High School ¹	\$ 67,240,787	\$ 47,450,000	\$ 12,543,787	\$ -	\$ 7,247,000
Communication System Upgrades.....	4,600,000	3,600,000	1,000,000	-	-
Oswegatchie Fire Station.....	12,600,000	-	-	12,600,000	-
Total All Projects.....	\$ 84,440,787	\$ 51,050,000	\$ 13,543,787	\$12,600,000	\$ 7,247,000

¹ The Town anticipates receiving additional State of Connecticut School Construction Grants.

Source: Town of Waterford, Finance Office.

PRINCIPAL AMOUNT OF OUTSTANDING DEBT

Fiscal Years Ending June 30

Long-Term Debt	2025	2024	2023	2022	2021
Bonds.....	\$ 48,620,000	\$ 55,215,000	\$ 61,665,000	\$ 66,975,000	\$ 72,815,000
Short-Term Debt					
Notes.....	-	-	-	-	-
Totals.....	\$ 48,620,000	\$ 55,215,000	\$ 61,665,000	\$ 66,975,000	\$ 72,815,000

Source: Annual Audited Financial Statements 2021-2025.

RATIO OF DIRECT OVERALL DEBT TO VALUATION, POPULATION AND INCOME

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Direct Debt¹	Ratio of Direct Debt to Net Assessed Value (%)	Ratio of Direct Debt to Estimated Full Value (%)	Population²	Direct Debt per Capita	Ratio of Direct Debt per Capita to Per Capita Income (%)³
2025	\$4,519,024,864	\$6,455,749,806	\$48,620,000	1.08%	0.75%	19,673	\$2,471.41	4.57%
2024	4,534,083,357	6,477,261,939	55,215,000	1.22%	0.85%	19,673	2,806.64	5.19%
2023	3,512,862,470	5,018,374,957	61,665,000	1.76%	1.23%	19,629	3,141.53	5.81%
2022	3,387,908,016	4,839,868,594	66,975,000	1.98%	1.38%	19,603	3,416.57	6.32%
2021	3,330,956,957	4,758,509,939	72,815,000	2.19%	1.53%	19,558	3,723.03	6.89%

¹ Does not include capital lease obligations and other long-term commitments.

² U.S. Census Bureau, 2020-2024 American Community Survey.

³ Income per Capita: \$54,056 – U.S. Census Bureau, 2020-2024 American Community Survey.

THE TOWN OF WATERFORD HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

The Town of Waterford, its officers, employees, boards and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings and other miscellaneous claims. It is the Town Attorney's opinion that such pending litigation will not be finally determined, individually or in the aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds and receipt by the Town of payment therefor. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

TRANSCRIPT AND CLOSING DOCUMENTS

Upon the delivery of the Bonds, the winning bidder will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds.
2. A Certificate on behalf of the Town signed by the First Selectman and Director of Finance will be dated the date of delivery of the Bonds and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the bids on the Bonds were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. Receipt for the purchase price of the Bonds.
4. An approving opinion of Shipman & Goodwin LLP, Bond Counsel, of Hartford, Connecticut for the Bonds substantially in the form of Appendix B, attached hereto.
5. An executed Continuing Disclosure Agreement for the Bonds substantially in the form of Appendix C, attached hereto.
6. The Town has prepared a Preliminary Official Statement for this Bond issue which is dated February 17, 2026. The Town deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The Town will make available to the winning bidder of the Bonds a reasonable number of copies of the Official Statement at the Town's expense within seven business days of the bid opening. Additional copies may be obtained by the original purchaser at their own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept in a file at the offices of U.S. Bank Trust Company, National Association, CityPlace I, 185 Asylum Street, 27th Floor, Hartford, Connecticut and will be available for examination upon reasonable request.

CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

Information herein has been derived by the Town from various officials, departments and other sources and is believed by the Town to be reliable, but such information, other than that obtained from official records of the Town, has not been independently confirmed or verified by the Town and its accuracy is not guaranteed.

This Official Statement has been duly prepared and delivered by the Town, and executed for and on behalf of the Town by the following officials:

TOWN OF WATERFORD, CONNECTICUT

By: _____

Robert J. Brule, *First Selectman*

By: _____

Kimberly Allen, *Director of Finance*

Dated as of March ___, 2026

APPENDIX A – BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Appendix A - Basic Financial Statements - is taken from the Annual Report of the Town of Waterford for the Fiscal Year ended June 30, 2025 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Waterford, Connecticut.



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Waterford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waterford, Connecticut, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Waterford, Connecticut's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Waterford, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Waterford, Connecticut's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterford, Connecticut's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Finance
Town of Waterford, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Town of Waterford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Waterford, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 19, 2025

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

This discussion and analysis of the Town of Waterford, Connecticut (the Town) financial performance is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net position decreased by \$3.3 million this year. While net position of our business-type activities decreased by \$2.2 million, or 4.6 %, net position of our governmental activities decreased by \$1.1 million or 0.1 %.
- During the year, the Town had expenses that were \$1.1 million more than the \$124.7 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues and transfers increased by \$149 thousand or 3.4%, while expenses increased by \$1.5 million or 27.1 %.
- The total cost of all of the Town's programs was \$132.2 million, with no new programs added this year.
- The General Fund reported a fund balance this year of \$19.2 million.
- The resources available for appropriation were \$2.3 million less than anticipated for the General Fund. There were additional appropriations of \$4.8 million, of which, \$4.7 million was for transfers out to the Capital Improvement and Capital and Nonrecurring Funds. Unused appropriations of \$1.3 million were returned to fund balance at year-end. Overall, the operating results decreased the General Fund balance by \$5.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I, respectively and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

Our analysis of the Town as a whole begins on Exhibits I and II. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, recreation, library, social services, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Utility Commission Enterprise Fund is reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (i.e. grants received for education from the State and Federal Government). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Insurance Administration Fund.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Towns combined net position decreased from \$211.8 million to \$208.6 million or 0.1 %. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business type activities.

Table 1 (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	\$ 52,583	\$ 62,538	\$ 5,836	\$ 7,472	\$ 58,419	\$ 70,010
Capital Assets, Net of Accumulated Depreciation	224,205	223,870	40,483	41,657	264,688	265,527
Total Assets	276,788	286,408	46,319	49,129	323,107	335,537
Deferred Outflows of Resources	18,632	19,259	-	-	18,632	19,259
Liabilities:						
Long-Term Debt Outstanding	113,146	120,825	228	348	113,374	121,173
Other Liabilities	12,215	13,036	414	907	12,629	13,943
Total Liabilities	125,361	133,861	642	1,255	126,003	135,116
Deferred Inflows of Resources	7,166	7,796	-	-	7,166	7,796
Net Position:						
Net Investment in Capital Assets	171,592	167,448	40,483	41,656	212,075	209,104
Restricted	2,592	2,310	-	-	2,592	2,310
Unrestricted	(11,291)	(5,748)	5,194	6,218	(6,097)	470
Total Net Position	\$ 162,893	\$ 164,010	\$ 45,677	\$ 47,874	\$ 208,570	\$ 211,884

Net position of the Town's governmental activities decreased by 0.1 % (\$162.9 million in 2025 compared to \$164.0 million in 2024). Unrestricted net position - the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$5.6 million, -\$5.7 million in 2024 compared to -\$11.3 million at the end of this year.

By far the largest portion of the Town's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). Since the Town's investment in its capital assets, net of accumulated depreciation, must also be reported net of related debt, it should be noted that the Town's outstanding debt is related to bonds payable as of June 30, 2025.

The net position of our business-type activities decreased by 4.6% (\$45.7 million in 2025 compared to \$47.9 million in 2024).

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

The Town's total revenues (excluding special items) were \$128.9 million. The total cost of all programs and services was \$132.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Table II (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,352	\$ 3,839	\$ 3,849	\$ 3,861	\$ 8,201	\$ 7,700
Operating Grants and Contributions	13,512	11,930	-	-	13,512	11,930
Capital Grants and Contributions	4,305	3,654	-	-	4,305	3,654
General Revenues:						
Property Taxes	98,702	96,206	-	-	98,702	96,206
Grants and Contributions Not Restricted to Specific Purposes	426	936	-	-	426	936
Unrestricted Investment Earnings	3,437	4,301	283	326	3,720	4,627
Loss on Disposal of Capital Assets	-	-	-	-	-	-
Miscellaneous Revenue	6	73	-	-	6	73
Total Revenues	124,740	120,939	4,132	4,187	128,872	125,126
Program Expenses:						
General Government	16,629	17,265	-	-	16,629	17,265
Public Safety	13,578	13,087	-	-	13,578	13,087
Public Works	10,641	10,725	-	-	10,641	10,725
Recreation	2,319	3,304	-	-	2,319	3,304
Library	1,248	1,047	-	-	1,248	1,047
Social Services	1,649	1,380	-	-	1,649	1,380
Education	78,282	71,966	-	-	78,282	71,966
Interest and Fiscal Charges	1,057	1,153	-	-	1,057	1,153
Utility Commission	-	-	6,783	5,335	6,783	5,335
Total Program Expenses	125,403	119,927	6,783	5,335	132,186	125,262
Excess (Deficiency) of Revenues Over Expenses Before Transfers	(663)	1,012	(2,651)	(1,148)	(3,314)	(136)
Transfers	(454)	(250)	454	250	-	-
Change In Net Position	(1,117)	762	(2,197)	(898)	(3,314)	(136)
Net Position - Beginning of Year	164,010	163,248	47,874	48,772	211,884	212,020
Net Position - End of Year	<u>\$ 162,893</u>	<u>\$ 164,010</u>	<u>\$ 45,677</u>	<u>\$ 47,874</u>	<u>\$ 208,570</u>	<u>\$ 211,884</u>

Governmental Activities

Approximately 79.1% of these revenues were derived from property taxes, followed by 14.6% from operating and capital grants and contributions, 3.5% from charges for services, and 2.8% from investment and other general revenues.

Major factors affecting operations include:

- Property Tax Revenues were up by \$2.5 million due to a mill rate increase of 5.2% for an increase of \$4.8 million and a decrease of \$2.3 million due to tax adjustment credits.
- Operating grants and contributions were up by \$1.6 million due primarily to the following:
There was increase in the State's on-behalf contribution for the Teachers' Retirement System of \$921.2 thousand and an increase in the State's on-behalf contribution for the Teachers' Retirement System OPEB of \$1.2 million. There was an increase in the Excess Cost grant of \$77.8 thousand. There was a decrease in Special Assistance grants of \$626.9 thousand. There was a decrease in assistance to the School Cafeteria fund of \$173.6 thousand.
- Capital grants and contributions increased by \$709 thousand due mainly to the following:

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Public Safety Capital grants increased by \$1.4 million in FY25. Most of the \$1.4 million was for the transfer of the Oswegatchie Fire building and Land. There was also a \$13.0 thousand LOCIP grant for the Quaker Hill Fire alarm system.

Public works capital grants were up by \$323.6 thousand. The Cost Sharing PRR grant decreased by \$812.7 thousand. LOCIP funds decreased by \$131.3 thousand. LOTCIP funds decreased by \$142.4 thousand. American Rescue funds for Public Works Projects increased by \$927.8 thousand.

There was also an increase of \$432.5 thousand for the Mago Point Project and another \$49.7 thousand for the LOCIP grant for the 8 Goshen Road Demo project.

Recreation Capital grants were down by \$1.1 million for the Civic Triangle project funded by American Rescue and LOCIP funds.

Social Service Capital grants increased by \$65.2 thousand. This is due to a grant for a new theater at the Senior Center for \$58.2 thousand and \$7 thousand for a CT Foodshare Community Impact grant for assets and signage.

- Investment earnings were down by \$864 thousand due to lower interest rates and lower investable balances.
Grants and contributions not restricted to specific programs decreased by \$510 thousand. The town did not receive the Municipal Revenue Share grant in FY25, which was down by \$493.8 thousand. The telecommunications property tax payments were down by \$19.0 thousand. Miscellaneous Revenue is up by \$6.0 thousand

Table 3 presents the cost of each of the Town's five largest programs - education, general government, public safety, public works and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden to the Town's taxpayers by each of these functions.

Table III (in thousands)				
	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Education	\$ 78,282	\$ 71,966	\$ 64,263	\$ 59,511
General Government	16,629	17,265	14,891	15,888
Public Safety	13,580	13,087	11,650	12,548
Public Works	10,641	10,725	7,699	8,323
Recreation	2,319	3,304	1,364	1,115
All Others	3,952	3,580	3,367	3,119
Totals	<u>\$ 125,403</u>	<u>\$ 119,927</u>	<u>\$ 103,234</u>	<u>\$ 100,504</u>

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Business-Type Activities

Net position of the Town's business-type activities (see Table 1) decreased by 4.6% (\$45.7 million in 2025 compared to \$47.9 million in 2024). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$149 thousand (\$4.6 million in 2025 compared to \$4.4 million in 2024). Overall expenses were higher than revenues and transfers in by \$2.2 million. The factors driving these results include:

- A decrease in sewer use fee revenue of \$12.0 thousand.
- An increase in transfers in of \$204.0 thousand.
- A decrease in investment earnings of \$43.0 thousand.
- An increase in expenses of \$1.5 million.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$34.3 million, which is a decrease of \$8.5 million from last year's total of \$42.8 million. Included in this year's total change in fund balance is a decrease of \$5.8 million in the General Fund, a decrease of \$1.0 million in the Capital and Nonrecurring Fund and a decrease of \$1.7 million for Nonmajor Governmental Funds.

Capital Projects Funds:

- The Capital and Nonrecurring Fund balance decreased by \$1.0 million due to revenues of \$948.7 thousand plus transfers in of \$4.3 million and expenditures of \$6.3 million.

Non-Major Capital Projects Funds:

- The Fleet Management Fund decreased by \$852.6 thousand due to expenditures of 2.2 million, which was reduced by revenue of \$326.6 thousand and transfers in of \$1.0 million.
- The Capital Improvement Fund decreased by \$795.0 thousand due to expenditures of \$2.3 million, which was reduced by net transfers in and out of \$1.5 million.
- The Sewer Maintenance and Development Fund increased by \$189.9 thousand due to revenues of \$294.5 thousand, which reduced by expenditures of \$104.6 thousand.

Non-Major Special Revenue Funds:

- The Water Fund decreased by \$156.3 thousand due to revenues of \$39.6 thousand and expenditures of \$196.0 thousand.
- The Nuclear Safety Emergency Preparedness Fund decreased by \$68.0 thousand due to grant expenditures that had not been reimbursed by the end of the year.
- The Cafeteria fund decreased by \$60.0 thousand due to revenues being \$60.0 thousand less than the \$1.3 million of expenditures.
- The ARPA Senior Center Grant Fund decreased by \$58.2 thousand due to grant expenditures that had not been reimbursed by the end of the year.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Proprietary Funds

The Town's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall, proprietary funds net assets total \$49.5 million at the end of the year, which includes a \$3.9 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$45.7 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2025, net position of the Internal Service fund decreased by \$668.4 thousand from fiscal year 2024. This is due to \$14.2 million in contributions and other revenues (an increase of \$679.2 thousand over fiscal year 2024), reduced by expenses for claims and program administration of \$15.1 million (an increase of \$353.4 thousand over fiscal year 2024).

General Fund Budgetary Highlights

Revenues were lower than budgetary estimates by \$2.3 million and expenditures were less than revised budgetary estimates by \$1.2 million. Overall expenditures over revenues on a budgetary basis were \$5.9 million. In the current year, revenues increased by \$1.3 million or 1.3 % over the prior year and expenditures increased by \$5.8 million or 5.5%.

The major factors affecting this year's annual operating results are as follows:

- Property tax revenue was under budgetary estimates by \$2.0 million and over prior year revenue by \$2.4 million. The biggest factor in the shortfall of revenues was due to a stipulated agreement that produced credits of \$966.7 thousand. The mill rate for FY25 was up by 5.2 % over FY24.
- State and Federal grant funding was under budgetary estimates by \$376.7 thousand and under prior year revenue by \$425.1 thousand. This is mostly due to not receiving the Municipal Revenue Sharing funds, estimated at \$316.0 thousand, in FY25. LOCIP revenue was down from estimates by \$177.5 thousand due to being budgeted in the General fund, but subsequently being accounted for in a new capital fund for LOCIP projects.
- License and permit revenue is over budgetary estimates by \$418.4 thousand and over the prior year by \$204.7 thousand. The building department revenues increased from FY24 by \$311.2 thousand. Recreation and parks revenue is down from FY24 by \$123.9 thousand. Conveyance tax revenue is up from FY24 by \$23.4 thousand. Liens fees paid by the Utility Commission were down by \$5.3 thousand from FY24. Planning & zoning had a decrease of \$3.5 thousand over the prior year. Miscellaneous fees and permits were up from FY24 by \$1.7 thousand. Town Clerk fees are up from FY24 by \$1.1 thousand.
- Fines, Penalties and Charges for Services are over budgetary estimates by \$17.5 thousand and under the prior year revenue by \$93.7 thousand. The biggest change was a decrease for miscellaneous revenue of \$86.7 thousand, due to revenue from the sale of One Hamel Court of \$114.7 thousand in FY24. Tuition fees decreased by \$33.9 thousand. Recycling revenue increased by \$18.4 thousand. Fire Service Inspections & Plan fees increased by \$7.5 thousand. Bulky Waste fees were down by \$6.5 thousand. Senior Services program revenue was up by \$4.3 thousand.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

- Other sources of revenue were over budgetary estimates by \$119.6 thousand and under the prior year revenue by \$14.7 thousand. Rental of Buildings was down by \$2.2 thousand. The New London Radio fee was down by \$9.7 thousand. Sale of Equipment was down by \$11.6 thousand. The BOE custodial stipend increased by \$2.7 thousand. The SCRRRA rebate was up by \$1.0 thousand. The Eugene O'Neill Lease was up \$0.5 thousand.
- Investment income is over budgetary estimates by \$402.0 thousand and under prior year revenue by \$689.6 thousand.
- Other Financing Sources, which consists of the cancelation of prior year encumbrances and transfers in from the capital improvement fund, was under estimated revenue by \$857.7 thousand and under the prior year by \$52.5 thousand. The appropriation of fund balance accounted for \$1 million of the shortfall.

Overall Expenditures came in \$1.2 million under revised budgetary estimates. The largest amounts of unused appropriations returned in the current fiscal year are as follows:

- The Public Works Department returned \$312.6 thousand.
- Fire Services returned \$161.9 thousand
- The Police Department returned \$125.0 thousand.
- The Insurance Department returned \$112.6 thousand.
- The Emergency Management Department returned \$110.1 thousand.
- The Building Department returned \$61.8 thousand.
- The Board of Education transferred \$110.3 thousand of unspent appropriations into their non-lapsing fund in FY26

The Town's General Fund balance of \$19.2 million reported on Exhibit III differs from the General Fund's budgetary balance of \$19.1 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$125.8 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes. The balances for special revenue funds financed primarily from operating transfers from the General Fund are also rolled into that fund for reporting purposes. For fiscal year 2025, those balances amounted to \$34.0 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2025, the Town had \$264.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$838.0 thousand or .3%, from last year.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

Table IV (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 9,661	\$ 9,210	\$ 128	\$ 128	\$ 9,789	\$ 9,338
Land Improvements	3,667	1,661	-	-	3,667	1,661
Building and Improvements	147,561	151,270	806	840	148,367	152,110
Machinery and Equipment	2,497	2,539	399	472	2,896	3,011
Right-to-Use Lease						
Machinery and Equipment	311	137	-	-	311	137
Vehicles	6,069	4,522	249	277	6,318	4,799
Infrastructure	51,709	51,055	38,181	39,672	89,890	90,727
Permanent Easements	20	20	-	-	20	20
Software	201	219	16	17	217	236
Construction In Progress	2,509	3,236	704	250	3,213	3,486
Total	<u>\$ 224,205</u>	<u>\$ 223,869</u>	<u>\$ 40,483</u>	<u>\$ 41,656</u>	<u>\$ 264,688</u>	<u>\$ 265,525</u>

Major capital asset events during the current fiscal year are noted below:

Governmental Activities:

- Buildings and improvements decreased by \$3.7 million. There were additions of \$2.1 million, including the completion of the Fargo Lane Water Tower for \$1.3 million and the transfer of ownership of the Oswegatchie Fire House for \$843.7 thousand. Decreases include the demolition of 8 Goshen Road for \$152.8 thousand. Depreciation expense reduced the account by \$5.7 million.
- Construction-in-progress decreased by \$727 million. The increases included the Oswegatchie Fire House for \$595.6 thousand, Nevins Cottage Improvements for \$92.6 thousand. Improvements for the Senior Center were \$31.9 thousand. Several public works projects accounted for \$ 38.9 thousand. Field and Tennis Courts at Waterford High School were \$1.1 million. Another \$496.9 thousand of the increase was for payments from the Fleet Management Fund for equipment and vehicles purchased, but not put into service as of the year-end.
Decreases include the completion of Civic Triangle Improvement project for \$1.5 million, Fleet vehicle and equipment paid for in FY24 and put into service in FY25 for \$704.2 thousand, completed public works projects were \$324.6 thousand, the completion of water projects for the Utility Commission accounted for a decrease of \$522.5 thousand.
- Land increased by \$450.2 thousand due to the transfer of ownership of the Oswegatchie Fire House property for the same amount.
- Land Improvements increased by \$2.0 million due to the completion of the civic triangle project for \$652.7 thousand and the Town hall and Leary Park basketball and tennis court improvements for \$1.50 million. The account was reduced by depreciation expense of \$167.3 thousand.
- Vehicles increased by \$ 1.5 million due to additions of \$2.2 million, in accordance with the fleet management plan, this was offset by depreciation expense of \$677.6 thousand and a loss on disposal of \$24.4 thousand.
- Infrastructure increased by \$654 thousand. Additions increased infrastructure by \$2.6 million. These included the completion of the civic triangle for \$1.4 million and various road projects for \$1.2 million. Depreciation expense was \$1.8 million and disposals accounted for another \$133.3 thousand.
- Machinery and equipment decreased by \$42.0 thousand due to mainly to additions of \$441.7 thousand, which was offset by depreciation expense of \$434.8 thousand and a loss on disposal of \$49.2 thousand.
- Right-to-use machinery and equipment increased by \$174.0 thousand due to additions of \$264.5 thousand and depreciation of \$90.6 thousand.

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025**

- Software decreased by \$17.7 thousand due amortization expense of the same amount.

Business-Type Activities

- There was an increase to construction-in-progress \$454.0 thousand for construction on the Old Norwich pump station.
- The decreases to all other asset categories were due entirely to depreciation and amortization expense.

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had \$48.6 million of outstanding general obligation bonds. Bonds refunded in December 2020 carried an AA rating from Standard & Poor.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its total prior years' tax collections. The current debt limitation for the Town is \$674.1 million.

Additional information on the Town's long-term debt can be found in Note 8.

Economic Factors

- The unemployment rate for the Town in 2025 was 2.9%, which is an increase from a rate of 2.5% a year ago. Waterford's unemployment rate is lower than the State's average unemployment rate of 3.8%, and the national average of 4.1% as of June 2025.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$4.9 million. The main reason for the decrease is negative operating results of \$5.8 million. A decrease in the nonspendable balance of \$1.1 thousand and a decrease in the assigned balance of \$891.0 thousand increased the unassigned balance.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Please contact the Director of Finance, Town of Waterford, 15 Rope Ferry Road, Waterford, Connecticut 06385 if you have questions about this report or need additional financial information.

BASIC FINANCIAL STATEMENTS

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 30,391,754	\$ 4,940,216	\$ 35,331,970
Investments	18,738,637		18,738,637
Receivables, Net	3,277,724	1,040,529	4,318,253
Internal Balances	144,018	(144,018)	-
Supplies	22,404	-	22,404
Prepaid Items	9,424	-	9,424
Capital Assets:			
Intangible Assets Not Being Amortized	20,000	-	20,000
Intangible Assets Being Amortized, Net	201,453	16,413	217,866
Assets Not Being Depreciated	12,169,765	831,642	13,001,407
Assets Being Depreciated, Net	211,813,420	39,634,604	251,448,024
Total Assets	276,788,599	46,319,386	323,107,985
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	12,786,881	-	12,786,881
Deferred Outflows of Resources Related to OPEB	4,767,865	-	4,767,865
Deferred Charge on Refunding	1,077,118	-	1,077,118
Total Deferred Outflows of Resources	18,631,864	-	18,631,864
LIABILITIES			
Current Liabilities:			
Accounts and Other Payables	5,538,417	154,988	5,693,405
Accrued Liabilities	5,040,167	239,748	5,279,915
Unearned Revenue	1,636,251	19,034	1,655,285
Total Current Liabilities	12,214,835	413,770	12,628,605
Noncurrent Liabilities:			
Due Within One Year	7,374,687	62,415	7,437,102
Due in More Than One Year	105,771,617	166,018	105,937,635
Total Noncurrent Liabilities	113,146,304	228,433	113,374,737
Total Liabilities	125,361,139	642,203	126,003,342
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	2,187,959	-	2,187,959
Deferred Inflows of Resources Related to OPEB	3,616,755	-	3,616,755
Deferred Inflows of Resources Related to Leases	1,361,347	-	1,361,347
Total Deferred Inflows of Resources	7,166,061	-	7,166,061
NET POSITION			
Net Investment in Capital Assets	171,592,293	40,482,659	212,074,952
Restricted for:			
Trust Purposes:			
Nonexpendable	115,725	-	115,725
Grants	1,495,601	-	1,495,601
Contracts	980,515	-	980,515
Unrestricted	(11,290,871)	5,194,524	(6,096,347)
Total Net Position	\$ 162,893,263	\$ 45,677,183	\$ 208,570,446

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 16,628,574	\$ 1,593,702	\$ 144,066	\$ -	\$ (14,890,806)	\$ -	\$ (14,890,806)
Public Safety	13,579,694	220,369	327,834	1,381,543	(11,649,948)	-	(11,649,948)
Public Works	10,640,968	686,359	110,182	2,144,946	(7,699,481)	-	(7,699,481)
Recreation	2,318,794	240,643	1,206	713,296	(1,363,649)	-	(1,363,649)
Library	1,247,824	1,441	-	-	(1,246,383)	-	(1,246,383)
Social Services	1,648,618	384,349	135,764	65,221	(1,063,284)	-	(1,063,284)
Education	78,281,508	1,225,534	12,792,874	-	(64,263,100)	-	(64,263,100)
Interest on Long-Term Debt	1,056,995	-	-	-	(1,056,995)	-	(1,056,995)
Total Governmental Activities	125,402,975	4,352,397	13,511,926	4,305,006	(103,233,646)	-	(103,233,646)
Business-Type Activities:							
Utility Commission	6,782,586	3,848,645	-	-	-	(2,933,941)	(2,933,941)
Total Business-Type Activities	6,782,586	3,848,645	-	-	-	(2,933,941)	(2,933,941)
Total Primary Governmental Activities	\$ 132,185,561	\$ 8,201,042	\$ 13,511,926	\$ 4,305,006	(103,233,646)	(2,933,941)	(106,167,587)
GENERAL REVENUES AND TRANSFERS							
Property Taxes					98,702,179	-	98,702,179
Grants and Contributions Not Restricted to Specific Programs					425,586	-	425,586
Unrestricted Investment Earnings					3,436,745	283,141	3,719,886
Miscellaneous					5,990	-	5,990
Transfers					(454,046)	454,046	-
Total General Revenues and Transfers					102,116,454	737,187	102,853,641
CHANGE IN NET POSITION					(1,117,192)	(2,196,754)	(3,313,946)
Net Position - Beginning of Year					164,010,455	47,873,937	211,884,392
NET POSITION - END OF YEAR					\$ 162,893,263	\$ 45,677,183	\$ 208,570,446

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,745,620	\$ 11,546,089	\$ 1,360	\$ 8,741,575	\$ 26,034,644
Investments	18,572,987	-	-	165,650	18,738,637
Receivables, Net	2,048,772	65,101	-	568,594	2,682,467
Interfund Receivables	3,549,237	-	-	2,336,623	5,885,860
Supplies	-	-	-	22,404	22,404
Prepaid Items	9,424	-	-	-	9,424
Total Assets	<u>\$ 29,926,040</u>	<u>\$ 11,611,190</u>	<u>\$ 1,360</u>	<u>\$ 11,834,846</u>	<u>\$ 53,373,436</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 2,291,770	\$ 1,710,411	\$ -	\$ 1,422,147	\$ 5,424,328
Accrued Liabilities	3,457,551	-	-	105,034	3,562,585
Interfund Payables	2,336,623	45,891	2,942,806	411,738	5,737,058
Unearned Revenue	265,088	-	-	1,335,427	1,600,515
Total Liabilities	<u>8,351,032</u>	<u>1,756,302</u>	<u>2,942,806</u>	<u>3,274,346</u>	<u>16,324,486</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	1,080,519	-	-	-	1,080,519
Special Assessments	19,492	-	-	-	19,492
Grants Receivable	-	65,101	-	190,284	255,385
Other Receivables	800	-	-	6,856	7,656
Lease Receivable	1,294,946	-	-	66,400	1,361,346
Total Deferred Inflows of Resources	<u>2,395,757</u>	<u>65,101</u>	<u>-</u>	<u>263,540</u>	<u>2,724,398</u>
FUND BALANCES					
Nonspendable	9,424	-	-	138,129	147,553
Restricted	-	-	-	2,220,731	2,220,731
Committed	-	9,789,787	-	6,127,965	15,917,752
Assigned	379,230	-	-	-	379,230
Unassigned	18,790,597	-	(2,941,446)	(189,865)	15,659,286
Total Fund Balances	<u>19,179,251</u>	<u>9,789,787</u>	<u>(2,941,446)</u>	<u>8,296,960</u>	<u>34,324,552</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,926,040</u>	<u>\$ 11,611,190</u>	<u>\$ 1,360</u>	<u>\$ 11,834,846</u>	<u>\$ 53,373,436</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 34,324,552

Amounts reported for governmental activities in the statement of net position
(Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds:

Governmental Capital Assets	416,076,792
Less: Accumulated Depreciation and Amortization	(191,872,154)
Net Capital Assets	224,204,638

Other long-term assets are not available to pay for current-period expenditures and,
therefore, are not recorded in the funds:

Property Tax Receivables Greater Than 60 Days	706,888
Interest Receivable on Property Taxes	373,630
Delinquent Special Assessments	19,492
Unavailable Revenue - Grants Receivable	255,385
Unavailable Revenue - Other Receivables	7,656
Deferred Outflows of Resources Related to Pensions	12,786,881
Deferred Outflows of Resources Related to OPEB	4,767,865
Deferred Charge on Refunding	1,077,118

Internal service funds are used by management to charge the costs of risk
management to individual funds. The assets and liabilities of the internal service
funds are reported with governmental activities in the statement of net position.

3,848,758

Long-term liabilities, including bonds payable, are not due and payable in the
current period and, therefore, are not reported in the funds:

Net Pension Liability	(37,122,679)
Bonds and Notes Payable	(48,620,000)
Bond and Note Premiums	(1,770,188)
Interest Payable on Bonds And Notes	(528,582)
Leases Payable	(302,070)
Compensated Absences	(7,613,546)
Landfill Post-Closure Monitoring Liability	(153,000)
Net OPEB Liability	(17,564,821)
Deferred Inflows of Resources Related to Pensions	(2,187,959)
Deferred Inflows of Resources Related to OPEB	(3,616,755)

Net Position of Governmental Activities as Reported on the Statement
of Net Position (Exhibit I)

\$ 162,893,263

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Projects	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 98,698,918	\$ -	\$ -	\$ -	\$ -	\$ 98,698,918
Intergovernmental	10,310,675	367,396	-	-	4,531,343	15,209,414
Assessments and Connections	-	-	-	-	251,246	251,246
Licenses and Permits	1,752,665	-	-	-	-	1,752,665
Fines, Penalties, and Charges for Services	662,197	-	-	-	1,691,113	2,353,310
Investment Earnings	2,401,991	581,309	63	-	235,066	3,218,429
Other	1,031	-	-	-	214,017	215,048
Total Revenues	113,827,477	948,705	63	-	6,922,785	121,699,030
EXPENDITURES						
Current:						
General Government	16,981,798	-	-	-	168,147	17,149,945
Public Safety	11,791,018	-	-	-	223,579	12,014,597
Public Works	5,880,810	-	-	-	1,537,312	7,418,122
Recreation	1,482,609	-	-	-	698,725	2,181,334
Library	1,012,968	-	-	-	-	1,012,968
Social Services	987,714	-	-	-	544,987	1,532,701
Education	66,483,224	-	-	-	3,130,574	69,613,798
Capital Outlay	268,834	6,262,090	-	-	4,837,833	11,368,757
Debt Service:						
Principal Retirements	6,676,465	-	-	-	-	6,676,465
Interest and Fiscal Charges	1,519,081	-	-	-	-	1,519,081
Total Expenditures	113,084,521	6,262,090	-	-	11,141,157	130,487,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	742,956	(5,313,385)	63	-	(4,218,372)	(8,788,738)
OTHER FINANCING SOURCES (USES)						
Transfers In	137,521	4,296,312	-	-	3,638,918	8,072,751
Transfers Out	(6,935,230)	-	-	-	(1,137,521)	(8,072,751)
Issuance of Leases	268,834	-	-	-	-	268,834
Total Other Financing Sources (Uses)	(6,528,875)	4,296,312	-	-	2,501,397	268,834
NET CHANGE IN FUND BALANCES	(5,785,919)	(1,017,073)	63	-	(1,716,975)	(8,519,904)
Fund Balances - Beginning of Year	24,965,170	10,806,860	(2,941,509)	-	10,013,935	42,844,456
FUND BALANCES - END OF YEAR	\$ 19,179,251	\$ 9,789,787	\$ (2,941,446)	\$ -	\$ 8,296,960	\$ 34,324,552

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV)	\$	(8,519,904)
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Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital Outlay		9,626,020
Depreciation and Amortization Expense		(8,931,063)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.

(359,737)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property Tax Receivable - Accrual Basis Change		11,543
Property Tax Interest and Lien Revenue - Accrual Basis Change		(8,283)
Delinquent Special Assessment Receivable - Accrual Basis Change		8,179
Miscellaneous Grants and Accounts Receivable - Accrual Basis Change		60,334
Change in Deferred Outflows of Resources Related to Pensions		(2,631,477)
Change in Deferred Outflows of Resources Related to OPEB		2,196,169

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond Principal Payments		6,595,000
Issuance of Leases		(268,834)
Lease Principal Payments		88,347
Amortization of Deferred Charge on Refunding		(191,709)
Amortization of Premiums		583,308
Landfill Post-Closure Monitoring		23,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated Absences		(716,406)
Accrued Interest		72,843
Change in Stipulated Tax Judgement		966,737
Change in Net Pension Liability		1,121,902
Change in Net OPEB Liability		(714,426)
Change in Deferred Inflows of Resources Related to Pensions		514,802
Change in Deferred Inflows of Resources Related to OPEB		24,891

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(668,428)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$	(1,117,192)
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See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,940,216	\$ 4,357,110
Receivables, Net	1,040,529	595,257
Total Current Assets	<u>5,980,745</u>	<u>4,952,367</u>
Noncurrent Assets:		
Capital Assets, Net	<u>40,482,659</u>	<u>-</u>
Total Assets	46,463,404	4,952,367
LIABILITIES		
Current Liabilities:		
Accounts and Other Payables	110,493	114,089
Accrued Liabilities	239,748	949,000
Interfund Payables	144,018	4,784
Advance Collections	19,034	35,736
Deposits	44,495	-
Compensated Absences	62,415	-
Total Current Liabilities	<u>620,203</u>	<u>1,103,609</u>
Noncurrent Liabilities:		
Compensated Absences	<u>166,018</u>	<u>-</u>
Total Noncurrent Liabilities	<u>166,018</u>	<u>-</u>
Total Liabilities	<u>786,221</u>	<u>1,103,609</u>
NET POSITION		
Net Investment in Capital Assets	40,482,659	-
Unrestricted	<u>5,194,524</u>	<u>3,848,758</u>
Total Net Position	<u>\$ 45,677,183</u>	<u>\$ 3,848,758</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
OPERATING REVENUES		
User Charges for Services, Interest, and Lien Fees	\$ 3,848,645	\$ -
Premium Charges to Other Funds	-	14,183,599
Total Operating Revenues	<u>3,848,645</u>	<u>14,183,599</u>
OPERATING EXPENSES		
Amortization Expense	1,267	-
Depreciation Expense	1,626,276	-
Salaries, Wages, and Employee Benefits	1,442,344	-
Treatment Plant Costs	2,516,558	-
Utilities	460,040	-
Repairs and Maintenance	422,669	-
Other Operating Expenses	69,914	-
Materials and Supplies	194,916	-
Professional Services	48,602	-
Claims	-	10,927,444
Program and Administrative Expenses	-	4,142,899
Total Operating Expenses	<u>6,782,586</u>	<u>15,070,343</u>
OPERATING LOSS	(2,933,941)	(886,744)
NONOPERATING REVENUE		
Income on Investments	283,141	218,316
Total Nonoperating Revenues	<u>283,141</u>	<u>218,316</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(2,650,800)	(668,428)
Capital Contributions	<u>454,046</u>	<u>-</u>
CHANGE IN NET POSITION	(2,196,754)	(668,428)
Net Position - Beginning of Year	<u>47,873,937</u>	<u>4,517,186</u>
NET POSITION - END OF YEAR	<u><u>\$ 45,677,183</u></u>	<u><u>\$ 3,848,758</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for Services and Premiums	\$ 4,002,541	\$ 13,594,600
Payments to Suppliers	(4,307,937)	-
Claims and Other Expenses Paid	-	(15,055,048)
Payments to Employees	(1,559,042)	-
Net Cash Used by Operating Activities	(1,864,438)	(1,460,448)
CASH FLOWS FROM INVESTING ACTIVITIES		
Income on Investments	283,141	218,316
Net Cash Provided by Investing Activities	283,141	218,316
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,581,297)	(1,242,132)
Cash and Cash Equivalents - Beginning of Year	6,521,513	5,599,242
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,940,216</u>	<u>\$ 4,357,110</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,933,941)	\$ (886,744)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	1,627,543	-
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	173,206	(593,783)
Interfunds Receivable	-	78,932
Prepaid Assets	-	-
Increase (Decrease) in:		
Accounts Payable	(497,144)	(150,600)
Accrued Liabilities	23,696	85,000
Interfunds Payable	(118,841)	4,784
Advance Collections And Deposits	(19,310)	1,963
Compensated Absences	(119,647)	-
Total Adjustments	1,069,503	(573,704)
Net Cash Used by Operating Activities	<u>\$ (1,864,438)</u>	<u>\$ (1,460,448)</u>
NONCASH DISCLOSURE OF CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Capital Contributions from Other Funds	<u>\$ 454,046</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
ASSETS		
Cash and Cash Equivalents	\$ 39,342	\$ 333,417
Investments:		
Mutual Funds	17,419,473	-
Total Assets	<u>17,458,815</u>	<u>333,417</u>
LIABILITIES		
Accounts and Other Payables	<u>25,688</u>	<u>-</u>
NET POSITION		
Restricted for OPEB Benefits	16,938,432	-
Restricted for Pension Benefits	494,695	-
Restricted for Scholarships	<u>-</u>	<u>333,417</u>
Total Net Position	<u><u>\$ 17,433,127</u></u>	<u><u>\$ 333,417</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
ADDITIONS		
Contributions:		
Employer	\$ 2,656,184	\$ -
Other	-	122,200
Total Contributions	<u>2,656,184</u>	<u>122,200</u>
Investment Income:		
Net Change in Fair Value of Investments	<u>1,701,123</u>	<u>775</u>
Total Additions	4,357,307	122,975
DEDUCTIONS		
Benefit Payments	731,663	-
Administration	10,838	-
Payments to Individuals	-	72,850
Total Deductions	<u>742,501</u>	<u>72,850</u>
CHANGE IN NET POSITION	3,614,806	50,125
Net Position - Beginning of Year	<u>13,818,321</u>	<u>283,292</u>
NET POSITION - END OF YEAR	<u><u>\$ 17,433,127</u></u>	<u><u>\$ 333,417</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Waterford, Connecticut (the Town), was settled in 1646 and incorporated in 1801. The Town operates under a charter and a Board of Selectmen, Board of Finance, and Representative Town Meeting (RTM) form of government.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and postretirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, including fiduciary component units, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after the end of the current fiscal period.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

General Fund

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those activities required to be accounted for in another fund.

Capital and Nonrecurring Expenditures Fund

The Capital and Nonrecurring Expenditures Fund accounts for revenues and expenditures to be used for various short-term construction projects funded by the General Fund.

Waterford High School Building Project

The Waterford High School Building Project accounts for revenues and expenditures and other financing sources for the construction of the High School.

Additionally, the Town reports the following major proprietary fund:

Utility Commission Fund

The Utility Commission Fund accounts for the operation and maintenance of the sewer collection system, which is owned by the Town and is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

Internal Service Fund

The Internal Service Fund is used to account for the Town's insurance program for health insurance coverage of the Town and Board of Education employees.

Pension and Other Employee Benefit Trust Funds

The Pension and Other Employee Benefit Trust Funds account for the assets that have been set aside in a trust for the employee retirement plan for certain Town employees and assets that have been set aside in a trust for other postemployment benefits for certain employees.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)**

Custodial Funds

The Custodial Funds account for monies held on behalf of students for scholarships.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other function of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to users for services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Cash and Cash Equivalents

The Town classifies money market funds, STIF investments, treasury bills, and certificates of deposit having original maturities of three months or less when purchased as cash equivalents. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The pool is reported at amortized cost. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

Investments are stated at fair value.

F. Supplies and Prepaid Items

Supplies consist of United States Department of Agriculture donated commodities and are stated at fair market value. Supplies are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectible.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Land, permanent easements, and construction in progress are not depreciated. Other capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure:	
Public Domain Infrastructure	10 to 65 Years
System Infrastructure	30 Years
Land and Buildings:	
Land Improvements	20 Years
Buildings	25 to 40 Years
Building Improvements	25 to 40 Years
Equipment:	
Vehicles	8 Years
Office Equipment	5 to 20 Years
Computer Equipment	5 Years
Machinery and Equipment	5 to 30 Years
Software	15 Years

I. Leases

Lessee

The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lessee (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

Lessor

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required, and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lessor (Continued)

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions, OPEB, and leases in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from four sources: grants receivable, special assessments, property taxes and interest on property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

K. Net Pension Liability and Net OPEB Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, seven types of leave qualify for liability recognition for compensated absences – *vacation, sick leave, personal time, compensatory time, due days, sick incentive and prorated longevity payments.* days based on union contracts. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Town's policy permits employees to accumulate earned but unused sick leave. Some accumulated sick time is payable upon leave for employees of the Town of Waterford and the Board of Education, subject to the restrictions within the various union contracts. A liability for the estimated value of sick leave that will be used by employees as time off is also included in the liability for compensated absences.

Personal Time

The Fire, 1303 and GGA union contracts allow accumulated personal time to be paid upon termination.

Compensatory Time

Employees of the Fire and 1303 unions are paid out for their compensatory time at retirement or leave.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (Continued)

Due Days

The Police and Dispatch unions grant due days to employees that work on a Holiday. If the time is not used for another day off, the accumulated balance is paid out annually for the Police union and upon separation or death for the Dispatch union.

Sick Incentive Days

The 1303 union employees are granted a sick incentive day for not using any sick time within a calendar quarter. If not used, this time is payable upon termination.

Longevity

Prorated Longevity payments are payable for certain members of the Dispatch Union upon termination.

N. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Restricted net position contains assets subject to restrictions that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance – This component represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance – This component represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance – This component represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Waterford Representative Town Meeting) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity (Continued)

Assigned Fund Balance – This balance represents amounts constrained for the intent to be used for a specific purpose by a governing body or board or official that has been delegated authority to assign amounts by the Town Charter. The Finance Director has been delegated authority to assign amounts.

Unassigned Fund Balance – This component represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

O. Property Taxes

The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town and are computed at 70% of market value. Although taxes are levied in June, the legal right to attach property does not exist until July 1. Taxes are due and payable in two installments on the following July 1 and January 1. Interest of 1-½% per month is charged on delinquent taxes. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30. Liens are effective on the attachment date and are continued by filing prior to the following levy date.

Additional supplemental property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

P. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Formal legally adopted annual budgets are employed as a management control device in the General Fund only. Project-length budgets are employed in the Capital Projects Funds. All unencumbered appropriations in the general fund lapse at year-end.

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those boards seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by the Board. During the months of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen will take action on these requests no later than the second week in February and forward the budgets and its recommendation for funding to the Board of Finance. During the month of March, the Board of Finance conducts budget hearings with the requesting departments, Boards, Commissions, and Agencies including the Board of Education. The Board of Finance then conducts a public hearing to determine the budget it will recommend to the RTM. This recommendation cannot exceed the recommended level of appropriation by the Board of Selectmen unless a departmental appeal is made to them based upon the action of the Board of Selectmen in a timeframe approved by Ordinance. The RTM holds its annual budget meeting the first Monday in May and acts upon the recommended budget as submitted by the Board of Finance inclusive of the Board of Education. The RTM cannot increase the level of appropriation recommended by the Board of Finance unless a departmental appeal is made to them from the action of the Board of Finance in a timeframe approved by Ordinance. The annual budget meeting legally appropriates this budget to departmental line items for expenditures and transfers. The Board of Finance then sets a tax mill rate for the ensuing fiscal year based upon this level of budget.

Town management may transfer amounts within the series level within a department with Commission or Board approval, but only the Board of Finance is authorized to transfer the legally budgeted amounts between series within or between departmental accounts. In this function, series within the various departments serve as the level of management control.

The Superintendent of Schools is authorized to make limited line-item transfers under emergency circumstances where the urgent need for the transfer prevents the Board of Education from meeting in a timely fashion to consider the transfer. Any such transfer shall be announced at the next regularly scheduled meeting of the Board.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as assigned fund balance.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Summarizations of the amended budget approved by the RTM for the “budgetary” General Fund is presented. During the year, there were \$4,768,997 of supplemental budgetary appropriations.

As explained above, the Town’s budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with generally accepted accounting principles.

The differences between the budgetary and U.S. GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a U.S. GAAP basis.
- State of Connecticut Teachers’ Retirement System pension and OPEB contributions made on-behalf of the Town of Waterford for teachers’ pension and OPEB benefits are reported for U.S. GAAP purposes only.
- Excess Cost - Student based grant is credited against the Board of Education’s operating budget.
- Bond Refundings - Proceeds from principal and premium received through bond refundings, as well as the cost of bond issuance costs and payments made to bond escrow agents during the bond refunding are recorded for U.S. GAAP purposes only.
- GASB 54 Funds - Certain funds are consolidated with the general fund following the guidance of GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*. These funds do not have legally adopted budgets but are recorded with the general fund for U.S. GAAP purposes.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity

The following funds had deficit fund balances at year-end:

Fund	Amount
Waterford High School Building Project	\$ 2,941,446
Nuclear Safety Emergency Preparedness	106,566
ARPA Senior Center	58,221
ARPA Summer Mental Health Grant	17,803
Neglected Cemetery Account	7,275

These deficits will be eliminated in future years by grants and when permanent financing is obtained.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Town and the Pension and OPEB Trust Funds have a policy for investments which is governed by State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority, or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days which is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,023,157 of the Town's bank balance of \$7,985,415 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,770,837
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>252,320</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 2,023,157</u></u>

Cash Equivalents

At June 30, 2025, the Town's cash equivalents amounted to \$33,353,877. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Money Market Funds	Not Rated

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2025, the Town had the following investments:

	Fair Value	Maturity in Years		
		Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:				
Certificates of Deposit*	\$ 5,483,897	\$ 1,989,098	\$ 3,494,799	\$ -
U.S. Government Securities	11,263,243	9,225,158	1,512,798	525,287
U.S. Government Agencies	1,875,833	120,252	1,755,581	-
Total	<u>\$ 18,622,973</u>	<u>\$ 11,334,508</u>	<u>\$ 6,763,178</u>	<u>\$ 525,287</u>
Other Investments:				
Mutual Funds	<u>17,535,137</u>			
Total Investments	<u>\$ 36,158,110</u>			

* Subject to coverage by Federal Depository Insurance and Collateralization.

Presented below is the rating of investments for each debt investment type:

Average Rating	U.S. Government Securities	U.S. Government Agencies	Certificates of Deposit
Aaa	\$ 11,263,243	\$ 1,875,833	\$ -
Not Rated	-	-	5,483,897
Total	<u>\$ 11,263,243</u>	<u>\$ 1,875,833</u>	<u>\$ 5,483,897</u>

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 17,535,137	\$ 17,535,137	\$ -	\$ -
U.S. Government Securities	11,263,243	11,263,243	-	-
U.S. Government Agencies	1,875,833	-	1,875,833	-
Total	<u>\$ 30,674,213</u>	<u>\$ 28,798,380</u>	<u>\$ 1,875,833</u>	<u>\$ -</u>

Mutual funds and U.S. Government Securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The Town, Pension and OPEB plans have a policy that limits investing in short-term securities, money market funds, or similar investment pools, and limiting the average maturity in the portfolio in accordance with this policy will minimize interest rate risk.

Credit Risk – Investments

The Town does not have an investment policy that would limit its investment choices due to credit risk, other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk

The Town and pension plan do have a policy that limits that amounts invested in any one issuer to no more than 15% from a specific issuer or business sector (except U.S. Treasuries or Connecticut Short Term Investment Funds), which is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2025, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital and Nonrecurring Fund	Utility Commission	Nonmajor and Other Funds	Total
Receivables:					
Leases	\$ 734,070	\$ -	\$ -	\$ 66,929	\$ 800,999
Property Taxes	839,095	-	-	-	839,095
Interest	373,631	-	-	-	373,631
Accounts	146,269	-	1,040,529	675,740	1,862,538
Intergovernmental	41,559	65,101	-	421,182	527,842
Assessment Charges	19,492	-	-	-	19,492
Gross Receivables	<u>2,154,116</u>	<u>65,101</u>	<u>1,040,529</u>	<u>1,163,851</u>	<u>4,423,597</u>
Less: Allowance for Uncollectibles	<u>(105,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,344)</u>
Total Receivables, Net	<u>\$ 2,048,772</u>	<u>\$ 65,101</u>	<u>\$ 1,040,529</u>	<u>\$ 1,163,851</u>	<u>\$ 4,318,253</u>

NOTE 5 LEASE RECEIVABLES

The Town, acting as lessor, leases real property under long-term, noncancelable lease agreements. The leases expire at various dates through 2064 if all renewal options are exercised. During the year ended June 30, 2025, the Town recognized \$66,534 and \$12,211 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

Fiscal Year Ending June 30.	Governmental Activities	
	Principal	Interest
2026	\$ 68,672	\$ 11,217
2027	57,291	10,233
2028	31,994	9,659
2029	33,727	9,176
2030	35,523	8,666
2031 - 2035	117,977	36,268
2036 - 2040	39,391	32,075
2041 - 2045	54,201	28,647
2046 - 2050	72,020	24,024
2051 - 2055	93,378	17,963
2056 - 2060	118,891	10,184
2061 - 2065	77,934	1,558
Total	<u>\$ 800,999</u>	<u>\$ 199,670</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Decreases and Transfers	Increases and Transfers	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 9,210,489	\$ 450,170	\$ -	\$ 9,660,659
Permanent Easements	20,000	-	-	20,000
Construction in Progress	3,236,404	2,324,017	(3,051,315)	2,509,106
Total Capital Assets Not Being Depreciated and Amortized	12,466,893	2,774,187	(3,051,315)	12,189,765
Capital Assets Being Depreciated and Amortized:				
Land Improvements	3,901,975	2,173,646	(48,178)	6,027,443
Buildings and Improvements	253,544,127	2,144,324	(157,422)	255,531,029
Vehicles	16,737,883	2,249,221	(815,051)	18,172,053
Machinery and Equipment	16,216,301	441,656	(308,841)	16,349,116
Right-to-Use Lease Machinery and Equipment	345,838	264,456	(39,083)	571,211
Infrastructure	104,456,415	2,629,845	(350,126)	106,736,134
Software	500,041	-	-	500,041
Total Capital Assets Being Depreciated and Amortized	395,702,580	9,903,148	(1,718,701)	403,887,027
Less Accumulated Depreciation and Amortization for:				
Land Improvements	(2,241,655)	(167,257)	48,178	(2,360,734)
Buildings and Improvements	(102,274,035)	(5,700,694)	4,591	(107,970,138)
Vehicles	(12,216,032)	(677,639)	790,672	(12,102,999)
Machinery and Equipment	(13,677,261)	(434,829)	259,659	(13,852,431)
Right-to-Use Lease Machinery and Equipment	(208,559)	(90,662)	39,083	(260,138)
Infrastructure	(53,401,626)	(1,842,281)	216,781	(55,027,126)
Software	(280,887)	(17,701)	-	(298,588)
Total Accumulated Depreciation and Amortization	(184,300,055)	(8,931,063)	1,358,964	(191,872,154)
Total Capital Assets Being Depreciated and Amortized, Net	211,402,525	972,085	(359,737)	212,014,873
Governmental Activities Capital Assets, Net	<u>\$ 223,869,418</u>	<u>\$ 3,746,272</u>	<u>\$ (3,411,052)</u>	<u>\$ 224,204,638</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 127,970	\$ -	\$ -	\$ 127,970
Construction in Progress	249,626	454,046	-	703,672
Total Capital Assets Not Being Depreciated and Amortized	377,596	454,046	-	831,642
Capital Assets Being Depreciated and Amortized:				
Buildings and Improvements	1,383,627	-	-	1,383,627
Vehicles	1,054,075	-	(104,011)	950,064
Machinery and Equipment	1,223,114	-	-	1,223,114
Infrastructure	96,547,599	-	-	96,547,599
Software	19,000	-	-	19,000
Total Capital Assets Being Depreciated and Amortized	100,227,415	-	(104,011)	100,123,404
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	(543,363)	(34,591)	-	(577,954)
Vehicles	(776,764)	(28,310)	104,011	(701,063)
Machinery and Equipment	(751,313)	(73,227)	-	(824,540)
Infrastructure	(56,876,095)	(1,490,148)	-	(58,366,243)
Software	(1,320)	(1,267)	-	(2,587)
Total Accumulated Depreciation and Amortization	(58,948,855)	(1,627,543)	104,011	(60,472,387)
Total Capital Assets Being Depreciated and Amortized, Net	41,278,560	(1,627,543)	-	39,651,017
Business-Type Activities Capital Assets, Net	<u>\$ 41,656,156</u>	<u>\$ (1,173,497)</u>	<u>\$ -</u>	<u>\$ 40,482,659</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 146,980
Public Safety	\$616,292
Public Works	\$2,520,433
Social Services	\$453,853
Library	\$17,845
Recreation	\$115,148
Education	5,060,512
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 8,931,063</u>

Business-Type Activities:

Utility Commission	<u>\$ 1,627,543</u>
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Construction Commitments

The Town has active construction projects as of June 30, 2025. At year-end, the Town's commitments are as follows:

Project	Spent-to-Date	Remaining Commitment
Library Projects	\$ 171,066	\$ 1,582,791
Department of Public Works Projects	5,564,167	2,173,112
Public Safety Projects	675,373	74,460
Board of Education Projects	2,345,620	2,569,715
Recreation Projects	1,309,570	153,430
Total	<u>\$ 10,065,796</u>	<u>\$ 6,553,508</u>

The commitments are being financed with General Fund and Capital Projects Fund appropriations and state and federal grants and bonding.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Capital and Nonrecurring Expenditures Fund	\$ 45,891
General Fund	Waterford High School Building Project	2,942,806
General Fund	Internal Service Fund	4,784
General Fund	Nonmajor Governmental Funds	411,738
General Fund	Utility Commission	144,018
Nonmajor Governmental Funds	General Fund	2,336,623
Total		<u>\$ 5,885,860</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions.

Interfund transfers for the year ended June 30, 2025, are as follows:

	Transfers In			
	General Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers:				
General Fund	\$ -	\$ 4,296,312	\$ 2,638,918	\$ 6,935,230
Non Majors	137,521	-	1,000,000	1,137,521
Total Transfers In	<u>\$ 137,521</u>	<u>\$ 4,296,312</u>	<u>\$ 3,638,918</u>	<u>\$ 8,072,751</u>

Interfund transfers arose from appropriating General Fund amounts to the Capital Improvement and Capital Nonrecurring Funds and various nonmajor governmental funds. There were also transfers out of the Capital Improvement fund of \$137,521 into the General fund for unused appropriations.

Capital asset contributions totaling \$454,046 were made from governmental funds to business type funds during the year ended June 30, 2025. This activity is included in transfer in the government-wide activity in Exhibit II of the accompanying financial statements.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 55,215,000	\$ -	\$ 6,595,000	\$ 48,620,000	\$ 6,645,000
Premium on Bonds	2,353,496	-	583,308	1,770,188	-
Total Bonds Payable	57,568,496	-	7,178,308	50,390,188	6,645,000
Leases Payable	121,583	268,834	88,347	302,070	74,643
Other Liabilities:					
Net OPEB Liability	16,850,395	714,426	-	17,564,821	-
Stipulated Tax Judgement	966,737	-	966,737	-	-
Landfill Postclosure Monitoring	176,000	-	23,000	153,000	21,000
Compensated Absences	6,897,140	716,406	-	7,613,546	634,044
Net Pension Liability	38,244,581	-	1,121,902	37,122,679	-
Total Other Liabilities	63,134,853	1,430,832	2,111,639	62,454,046	655,044
Total Governmental Activities Long-Term Liabilities	<u>\$ 120,824,932</u>	<u>\$ 1,699,666</u>	<u>\$ 9,378,294</u>	<u>\$ 113,146,304</u>	<u>\$ 7,374,687</u>
Business-Type Activities:					
Compensated Absences	<u>\$ 348,080</u>	<u>\$ -</u>	<u>\$ 119,647</u>	<u>\$ 228,433</u>	<u>\$ 62,415</u>

Compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. The Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

Description	Maturity Ranges	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance June 30, 2025
Governmental Activities:						
Schools:						
Clark Lane School	\$800,000 - \$850,000	\$ 9,440,000	12/29/2014	8/15/2026	3.0% - 5.0%	\$ 1,685,000
Great Neck Elementary	\$655,000 - \$960,000	9,085,000	12/18/2019	8/1/2030	4.0% - 5.0%	9,155,000
School Issue of 2017	\$185,000 - \$2,830,000	14,585,000	6/21/2017	6/30/2031	2.0% - 5.0%	5,485,000
Municipal Complex	\$680,000 - \$685,000	13,655,000	7/23/2020	9/15/2040	2.0% - 5.0%	21,380,000
School Refunding	\$905,000 - \$3,195,000	28,890,000	12/30/2020	8/15/2033	0.3% - 2.0%	10,915,000
Total						<u>\$ 48,620,000</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,645,000	\$ 1,319,500
2027	6,395,000	1,083,426
2028	5,545,000	829,375
2029	5,770,000	632,762
2030	5,375,000	482,770
2031 - 2035	14,810,000	956,742
2036 - 2040	3,400,000	251,175
2041 - 2045	680,000	7,225
Total	<u>\$ 48,620,000</u>	<u>\$ 5,562,974</u>

Leases

The Town leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2030.

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 74,643	\$ 4,904
2026	65,137	3,429
2027	61,485	2,213
2028	58,876	1,089
2029	41,929	215
Total	<u>\$ 302,070</u>	<u>\$ 11,850</u>

Landfill Post-Closure Care Costs

Effective January 1, 2002, the Town's Miner Lane landfill was closed. The cost of the ongoing maintenance of the cap and the Department of Energy and Environmental Protection requirement for water quality testing over a 30-year period is estimated to be approximately \$21,000 a year. Accordingly, the Town has recorded a liability in the government-wide financial statements of \$153,000.

Stipulated Tax Judgement

In 2024, the Town agreed to a stipulation for judgement totaling \$966,737, following a challenge by taxpayers regarding the valuation and assessment of certain real property and personal property relating to the 2022 Grand List. The judgement has been fully repaid as of June 30, 2025.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2025, is approximately \$8,592,000. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Debt Limitation

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

Category	Debt Limit	Indebtedness	Balance
General Purpose	\$ 216,679	\$ 12,260	\$ 204,419
Schools	433,358	44,952	388,406
Sewers	361,132	-	361,132
Urban Renewal	312,981	-	312,981
Pension Deficit	288,906	-	288,906
Total	<u>\$ 1,613,056</u>	<u>\$ 57,212</u>	<u>\$ 1,555,844</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$674,102,716.

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2025, are as follows:

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 22,404	\$ 22,404
Prepaid Expenditures	9,424	-	-	-	9,424
Nonspendable Trust	-	-	-	115,725	115,725
Restricted for:					
General Government	-	-	-	47,877	47,877
Public Safety	-	-	-	48,554	48,554
Public Works	-	-	-	980,515	980,515
Recreation	-	-	-	154,343	154,343
Social Services	-	-	-	295,216	295,216
Education	-	-	-	694,226	694,226
Committed to:					
Public Works	-	-	-	414,367	414,367
Other Capital Projects	-	9,789,787	-	5,228,489	15,018,276
Education	-	-	-	485,109	485,109
Assigned to:					
General Government	33,368	-	-	-	33,368
Education	345,862	-	-	-	345,862
Unassigned	18,790,597	-	(2,941,446)	(189,865)	15,659,286
Total Fund Balances	<u>\$ 19,179,251</u>	<u>\$ 9,789,787</u>	<u>\$ (2,941,446)</u>	<u>\$ 8,296,960</u>	<u>\$ 34,324,552</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 FUND BALANCE (CONTINUED)

As discussed in Note 2.A., budgetary information, under budgetary basis of accounting encumbrance accounting, is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of June 30, 2025, the amount of General Fund encumbrances expected to be honored upon performance by the vendor in the next year totaled \$125,761.

NOTE 10 TAX ABATEMENTS

As of June 30, 2025, the Town provides tax abatements through the following programs:

The AHEPA 250-II Inc. (AHEPA) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly and handicapped, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215 and 8-216. Eligibility for the abatement is predicated on AHEPA limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly and handicapped individuals in addition to maintaining a contracted standard of housing for the property. The agreement allows for an abatement over a ten-year period to end on June 27, 2034, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2025, taxes abated through this agreement totaled \$26,774. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

The Twin Haven, Inc. (Twin Haven) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215. Eligibility for the abatement is predicated on Twin Haven limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly individuals in addition to maintaining a contracted standard of housing for the property. The abatement term is over a five-year period that was extended to August 31, 2027, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2025, taxes abated through this agreement totaled \$22,020. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town maintains a single employer defined benefit pension plan (the Plan). The Plan was established and is administered by the Town. The Plan covers employees who retired or terminated in a vested status prior to State of Connecticut Municipal Employees' Retirement System (MERS) participation. There are no contributions required from the members. The Town is required to contribute the amounts necessary to finance the benefits for the participants in this Plan. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan is closed to new members. All eligible full-time employees have the option of enrolling in the MERS plan.

B. Benefit Provisions

Members who retired at normal retirement date (age 62 and 15 years of service) receive benefits equal to 1.5% of final average earnings (the average of the highest five years within the last 10 years) per year of service, limited to 30 years. Members who retired at service retirement date (age 50 and 25 years of service) receive benefits equal to 2% of final average earnings per year of service, limited to 30 years, until age 62. Members who retired at early retirement date (age 57 and 15 years of service) could elect to receive benefits accrued to that date, reduced by .4167% for each month prior to normal retirement date, or to defer benefits until normal retirement date with no reduction. Benefit provisions are established and can be amended by the Representative Town Meeting.

C. Plan Administration

The general administration and management of the pension plan and the responsibility for carrying out the provision of the plan shall be placed with the Retirement Commission. The Retirement Commission is made up as follows:

- A member of the Board of Police Commissioners to be appointed by the Board of Police Commissioners, annually;
- A member of the Board of Selectmen to be appointed by the Board of Selectmen, annually;
- A member of the Board of Education to be appointed by the Board of Education, annually;
- A member of the Board of Finance to be appointed by the Board of Finance, biennially, for a two-year term, subsequent to December 1 but no later than December 31 of each odd-numbered year;

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

C. Plan Administration (Continued)

- Two members of the Representative Town Meeting to be appointed by the Representative Town Meeting biennially, for a two-year term at the regularly scheduled December meeting of each odd-numbered year; and
- A member of the fire service to be appointed by the Director of Fire Services, annually.

Plan membership consisted of the following at July 1, 2023, the date of the latest actuarial valuation:

Retirees, Disabled Employees, and Beneficiaries	
Currently Receiving Benefits	6
Terminated Plan Members Entitled to Benefits But	
Not Yet Receiving Them	-
Active Members	-
Total	<u><u>6</u></u>

D. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues when due in accordance with the terms of the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from pension fund resources.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Policy

There are no active employees of the Plan. Contributions required for the year ended June 30, 2025, were \$22,450, with contributions of \$22,450 made by the Town. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

E. Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2025, and are summarized in the following table.

The following was the Retirement Commission's adopted asset allocation policy and the long-term expected real rate of return as of June 30, 2025:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TIPS	2.00 %	2.50 %
Core Fixed Income	27.00 %	2.90 %
Dynamic Bonds	9.50 %	3.00 %
High Yield Bonds	1.50	4.50
US Large Cap	25.00	4.30
US Mid Cap	7.50	4.40
US Small Cap	4.50	4.10
Developed International Equity	17.25	6.10
Emerging International Equity	5.75	7.20
Total	100.00 %	

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

F. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2025, were as follows:

Total Pension Liability	\$ 747,444
Plan Fiduciary Net Position	494,695
Net Pension Liability	<u>\$ 252,749</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18 %
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Cost-of-Living Adjustments	2.40%
Actuarial Cost Method	Entry-Age Normal
Investment Rate of Return	6.25%, Compounded Annually

Plan mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

G. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2024	\$ 674,405	\$ 506,792	\$ 167,613
Changes for the Year:			
Interest on Total Pension Liability	39,340	-	39,340
Differences Between Expected and Actual Experience	135,799	-	135,799
Changes in Assumptions	(12,936)	-	(12,936)
Employer Contributions	-	22,450	(22,450)
Net Investment Income	-	55,985	(55,985)
Benefit Payments, Including Refund to Employee Contributions	(89,164)	(89,164)	-
Administrative Expenses	-	(1,368)	1,368
Net Changes	73,039	(12,097)	85,136
Balances - June 30, 2025	<u>\$ 747,444</u>	<u>\$ 494,695</u>	<u>\$ 252,749</u>

H. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 300,644	\$ 252,749	\$ 207,977

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

I. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the Town recognized pension expense of \$131,485. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earning on Pension Plan Investments	\$ 16,822
Change in Employer Proportional Share	-
Contributions After the Measurement Date	-
Total	<u>16,822</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2026	\$ 14,356
2027	(15,089)
2028	(10,808)
2029	(5,281)
Total	<u>\$ (16,822)</u>

J. Schedule of Plan Net Position

	<u>Pension Trust Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 11,516
Investments:	
Mutual Funds	484,126
Total Assets	<u>495,642</u>
Liabilities:	
Accounts and Other Payables	<u>947</u>
Net Position:	
Restricted for Pension Benefits	<u>\$ 494,695</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

K. Schedule of Changes in Plan Net

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 22,450
Investment Income:	
Net Appreciation in Fair Value of Investments	<u>55,985</u>
Total Additions	78,435
Deductions:	
Benefit Payments	89,164
Administration	<u>1,368</u>
Total Deductions	<u>90,532</u>
Change in Net Position	(12,097)
Net Position - Beginning of Year	<u>506,792</u>
Net Position - End of Year	<u><u>\$ 494,695</u></u>

Municipal Employees' Retirement System

A. Plan Description

Certain employees of the Town of Waterford, Connecticut, and Waterford Public Schools participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiemployer public employee retirement system established by the state of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates, and other plan provisions. MERS is considered to be part of the state of Connecticut's financial reporting entity and is included in the state's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability, and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with five years of continuous active service, or 15 years of active noncontinuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

A. Benefit Provisions (Continued)

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1-1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement

Members must have five years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Service Connected

This applies to employees who are totally and permanently disabled, and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement – Nonservice Connected

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

C. Contributions

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member. The Town's required contribution for the year ended June 30, 2025, was \$4,839,158

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reports a total liability of \$36,869,930 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

The actuarial assumptions used in the June 30, 2024, valuation were based on results of an actuarial experience study for the period July 1, 2017, through June 30, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2025, the Town's proportion was 2.81%. The Town's proportion was 2.69% for the beginning of the period, which represents no change from the prior year.

For the year ended June 30, 2025, the Town recognized pension expense of \$5,838,149. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,261,083	\$ -
Changes of Assumptions	3,168,757	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	667,716
Change in Employer Proportional Share	1,517,883	1,503,421
Contributions After the Measurement Date	4,839,158	-
Total	<u>\$ 12,786,881</u>	<u>\$ 2,171,137</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Amounts reported as deferred outflows and inflows of resources related to pension, excluding Town contributions after the measurement date, will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Governmental Activities
2026	\$ 1,320,512
2027	3,907,766
2028	467,651
2029	(21,872)
2030	102,529
Total	<u>\$ 5,776,586</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary Increase	3.00%-9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Pub-2010 Mortality Tables set-forward one year (except active employees) and projected generationally with Scale MP-2021.

General Employees:

- Service Retirees: General, Healthy Retiree Mortality Table
- Disabled Retirees: General, Disabled Retiree Mortality Table
- Beneficiaries: General, Contingent Annuitant Mortality Table
- Active Employees: General, Employee Mortality Table

Policemen and Firemen:

- Service Retirees: Public Safety, Healthy Retiree Mortality Table
- Disabled Retirees: Public Safety, Disabled Retiree Mortality Table
- Beneficiaries: Public Safety, Contingent Annuitant Mortality Table
- Active Employees: Public Safety, Employee Mortality Table

Future cost-of-living adjustments for members who retire on or after January 1, 2002, are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

A phase out the COLA floor from the existing 2.5% guaranteed minimum to zero over 5-years as follows:

- For those retiring between 7/1/2025 and 6/30/2026 – MERS COLA Minimum = 2.0%
- For those retiring between 7/1/2026 and 6/30/2027 – MERS COLA Minimum = 1.5%
- For those retiring between 7/1/2027 and 6/30/2028 – MERS COLA Minimum = 1.0%
- For those retiring between 7/1/2028 and 6/30/2029 – MERS COLA Minimum = 0.5%
- For those retiring on or after 7/1/2029 – MERS COLA Minimum = 0%

For years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the annual increase in the CPI up to 6% plus 75% of the annual increase in the CPI above 6% and capped at a 7.5%

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	6.80 %
Public Credit	2.00	2.90
Core Fixed Income Fund	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity Fund	15.00	11.20
Private Credit	10.00	6.10
Real Estate Fund	10.00	6.30
Infra. and Natural Resources	7.00	7.70
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability, calculated using the current discount rate, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's Proportionate Share of the Net Pension Liability	\$ 53,324,126	\$ 36,869,930	\$ 23,136,779

Connecticut State Teachers' Retirement System – Pension

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost-sharing, multiemployer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

B. Benefit Provisions (Continued)

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2025, the amount of "on-behalf" contributions made by the state was \$8,164,273 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate Share of the Net Pension Liability Associated With the Town	82,829,622
Total	<u>\$ 82,829,622</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$9,500,736 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00%-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefits that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	6.80 %
Public Credit	2.00	2.90
Core Fixed Income	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity	15.00	11.20
Private Credit	10.00	6.10
Real Estate	10.00	6.20
Infrastructure and Natural Resources	7.00	7.70
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the state of Connecticut.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

J. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2025:

	Town Pension	MERS	State Teachers	Total
Deferred Outflows of Resources				
Related to Pensions	\$ -	\$ 12,786,881	\$ -	\$ 12,786,881
Net Pension Liability	252,749	36,869,930	-	37,122,679
Deferred Inflows of Resources				
Related to Pensions	16,822	2,171,137	-	2,187,959
Pension Expense	131,485	5,838,149	8,164,273	14,133,907
Total	<u>\$ 401,056</u>	<u>\$ 57,666,097</u>	<u>\$ 8,164,273</u>	<u>\$ 66,231,426</u>

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Town Post-Retirement Healthcare Plan

A. Plan Description

The Town administers one single employer, post-retirement healthcare plan (OPEB Plan) for the Town, Police, Fire, and Board of Education employee. The OPEB plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the OPEB Trust fund. The Town does not issue a separate stand-alone financial statement for this program.

The Town plan provides for medical, dental, and life insurance benefits for all eligible Town, Police, Fire, and Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town currently funds on the “pay-as-you-go” basis. The Town’s contributions are actuarially determined on an annual basis using the projected unit cost method. The Town’s total plan contribution was \$2,530,390. There are no employee contributions.

At July 1, 2024, plan membership consisted of the following:

Active Employees	414
Retired Employees	113
Total	<u>527</u>

C. Investments

Investment Policy

The OPEB Plan’s policy regarding the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB Plan.

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2025, were as follows:

Total OPEB Liability	\$ 34,503,253
Plan Fiduciary Net Position	<u>16,938,432</u>
Net OPEB Liability	<u>\$ 17,564,821</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.09%
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**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary Increases	2.40%, Average, Including Inflation
Investment Rate of Return	6.50%, Net of OPEB Plan Investment Expense, Including Inflation
Healthcare Cost Trend Rates	
Medical	7.00% Decreasing 0.20% per Year to an Ultimate Rate of 4.40% for 2037 and Later Years
Dental	4.00% per Year

Mortality rates were based on the Pub - 2010 Public Retirement Plans Mortality Tables with separate tables for General employees, Public Safety employees and Teachers and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the July 1, 2024, valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are include in the OPEB Plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset as of June 30, 2025, are summarized in the following table:

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

E. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TIPS	1.00 %	2.60 %
Core Fixed Income	24.00 %	3.10 %
Dynamic Bonds	7.50	3.90
High Yield Bonds	1.00	5.10
Global Bonds	1.50	3.00
US Large Cap	25.00	3.90
US Mid Cap	7.50	3.80
US Small Cap	5.00	3.40
International Equity Developed	21.00	5.60
Emerging Markets	2.00	7.50
Broad Real Assets	4.50	4.90
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 21,019,366	\$ 17,564,821	\$ 14,595,208

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.00% Decreasing to 3.40%)	Current Health Care Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
Net OPEB Liability	\$ 14,489,039	\$ 17,564,821	\$ 21,159,930

I. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - July 1, 2023	\$ 30,161,924	\$ 13,311,529	\$ 16,850,395
Changes for the Year:			
Service Cost	264,942	-	264,942
Interest on Total OPEB Liability	1,935,908	-	1,935,908
Differences Between Expected and Actual Experience	599,281	-	599,281
Changes in Assumptions	2,183,697	-	2,183,697
Employer Contributions	-	2,530,390	(2,530,390)
Contributions - TRB Reimbursements	-	103,344	(103,344)
Net Investment Income	-	1,645,138	(1,645,138)
Benefit Payments, Including Refund to Employee Contributions	(642,499)	(642,499)	-
Administrative Expenses	-	(9,470)	9,470
Net Changes	4,341,329	3,626,903	714,426
Balances - June 30, 2024	\$ 34,503,253	\$ 16,938,432	\$ 17,564,821

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

J. OPEB Expense and Deferred Outflow/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the Town recognized OPEB expense of \$1,043,743. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,035,467	\$ 2,625,508
Changes of Assumptions	2,732,398	317,355
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	673,892
Total	<u>\$ 4,767,865</u>	<u>\$ 3,616,755</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	Governmental Activities
2026	\$ 127,790
2027	(262,822)
2028	(188,141)
2029	(16,192)
2028	294,536
Thereafter	1,195,939
Total	<u>\$ 1,151,110</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

K. Schedule of Plan Net Position

	OPEB Trust Fund
Assets:	
Cash and Cash Equivalents	\$ 27,826
Investments:	
Mutual Funds	16,935,347
Total Assets	<u>16,963,173</u>
Liabilities:	
Accounts and Other Payables	<u>24,741</u>
Total Liabilities	<u>24,741</u>
Net Position:	
Restricted for OPEB Benefits	<u>16,938,432</u>
Total Net Position	<u><u>\$ 16,938,432</u></u>

L. Schedule of Changes in Plan Net Position

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 2,633,734
Investment Income:	
Net Depreciation in Fair Value of Investments	<u>1,645,138</u>
Total Additions	4,278,872
Deductions:	
Benefit Payments	642,499
Administration	<u>9,470</u>
Total Deductions	<u>651,969</u>
Change in Net Position	3,626,903
Net Position - Beginning of Year	<u>13,311,529</u>
Net Position - End of Year	<u><u>\$ 16,938,432</u></u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers’ Retirement Plan

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing, multiemployer defined benefit other post-employment benefit plan administered by the Teachers’ Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the healthcare benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree’s share of the cost of coverage, and any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue healthcare coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits – Connecticut State Teachers' Retirement Plan
(Continued)**

B. Benefit Provisions (Continued)

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their healthcare coverage or elect to not enroll in a CTRB sponsored healthcare coverage option must wait two years to re-enroll.

Survivor Healthcare Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Pro rata Retirement

Age 60 with 10 years of Credited Service.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits – Connecticut State Teachers’ Retirement Plan
(Continued)**

C. Eligibility (Continued)

Disability Retirement

No service requirement if incurred in the performance of duty, and five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers’ Retirement Board and appropriated by the General Assembly. The state appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2025, the amount of “on-behalf” contributions made by the state was \$114,409 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers’ pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits – Connecticut State Teachers’ Retirement Plan
(Continued)**

**E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB**

At June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s Proportionate Share of the Net OPEB Liability	\$ -
State’s Proportionate Share of the Net OPEB Liability Associated With the Town	16,991,203
Total	<u><u>\$ 16,991,203</u></u>

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. At June 30, 2025, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$235,424 in Exhibit II.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits – Connecticut State Teachers' Retirement Plan
(Continued)**

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health Care Costs Trend Rate	Local Coverage – 6.25% for 2024, decreasing to an ultimate rate of 4.50% by 2031. Retiree Healthcare – Medicare rates known for 2025, 4.50% increase for all subsequent years.
Salary Increases	3.00-6.50%, including inflation
Investment Rate of Return	3.00%, net of OPEB plan investment expense, including inflation
Year Fund Net Position will be Depleted	2027

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 3.64% to 3.93%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change;
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits - Connecticut State Teachers' Retirement Plan
(Continued)**

F. Actuarial Assumptions (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is 1.26%.

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Annual state contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the healthcare cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Other Postemployment Benefits - Connecticut State Teachers' Retirement Plan
(Continued)**

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report at www.ct.gov.

J. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

NOTE 13 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2025.

Medical Self Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance captive covers claims in excess of \$175,000 on a per member basis with an aggregate stop loss coverage limit of \$13,613,000 per year.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2025, of \$949,000.

Premium payments are reported as interfund services provided and used for the General Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2025 and 2024, is presented below:

	2025	2024
Unpaid Claims, July 1	\$ 864,000	\$ 727,000
Incurred Claims (Including IBNR)	11,548,250	10,791,859
Claim Payments	(11,463,250)	(10,654,859)
Unpaid Claims, June 30	<u>\$ 949,000</u>	<u>\$ 864,000</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Litigation and Unasserted Claims

There are various lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a materially adverse effect on the financial position of the Town.

Federal and State Assistance Programs – Compliance Audits

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 15 MAJOR TAXPAYER

For the fiscal year ended June 30, 2025, 31.88% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.

NOTE 16 ACCOUNTING CHANGES

A. Changes to or Within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The ARPA Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ended June 30, 2025. The effect of that change to or within the financial reporting entity is shown in the table below.

	ARPA Fund	Nonmajor Governmental Funds
June 30, 2024, as Previously Reported	\$ -	\$ 10,013,935
Change in Fund Presentation from Major to Nonmajor	-	-
June 30, 2024, as Adjusted	<u>\$ -</u>	<u>\$ 10,013,935</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 ACCOUNTING CHANGES (CONTINUED)

B. Change in Accounting Principle

Effective July 1, 2024, the Entity implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. There was no impact to beginning net position in the governmental activities as a result of the implementation of this standard

NOTE 17 SUBSEQUENT EVENT

On October 30, 2025, the Town entered into a 10-year financed purchase agreement with M&T Bank in the amount of \$3,600,000, to finance the Radio Communication Upgrades Project. The agreement carries an interest rate of 3.96% and matures on October 30, 2035.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Over
			Basis	(Under)
Property Taxes:				
Revenues from Current Year	\$ 99,867,307	\$ 99,867,307	\$ 99,054,067	\$ (813,240)
Prior Year Taxes	486,849	486,849	(710,581)	(1,197,430)
Interest and Lien Fees	381,744	381,744	355,432	(26,312)
Total Property Taxes	100,735,900	100,735,900	98,698,918	(2,036,982)
Intergovernmental:				
State of Connecticut:				
Equalized Cost Sharing	326,444	326,444	357,197	30,753
Health and Welfare	6,359	6,359	6,350	(9)
General Government:				
Tax Relief:				
Tiered Pilot	347,575	347,575	349,298	1,723
Disabled	1,200	1,200	1,541	341
Veterans	5,000	5,000	4,033	(967)
Court Fines	-	-	45,424	45,424
Civil Preparedness	23,000	23,000	63,764	40,764
Telecommunication	58,071	58,071	70,714	12,643
Town Aid Road	321,360	321,360	321,360	-
SDE State Grant	14,000	14,000	-	(14,000)
LOCIP	177,479	177,479	-	(177,479)
Enhancement 911	22,500	22,500	22,595	95
Municipal Revenue Sharing	315,978	315,978	-	(315,978)
Grants for Municipal Projects	34,255	34,255	34,255	-
Total State of Connecticut	1,653,221	1,653,221	1,276,531	(376,690)
Total Intergovernmental	1,653,221	1,653,221	1,276,531	(376,690)
Licenses and Permits:				
Recreation and Parks Commission	202,001	202,001	158,032	(43,969)
Building Inspector	530,591	530,591	891,932	361,341
License, Fees, Permits, and Fines	18,320	18,320	19,379	1,059
Conveyance Tax	200,000	200,000	332,241	132,241
Planning and Zoning	55,980	55,980	49,086	(6,894)
Liens - Utility Commission	-	-	2,860	2,860
Town Clerk Fees	175,000	175,000	146,805	(28,195)
Total Licenses and Permits	1,181,892	1,181,892	1,600,335	418,443

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Over
			Basis	(Under)
Fines, Penalties, and Charges for Services:				
Tuition	\$ -	\$ -	\$ 52,420	\$ 52,420
Library	-	-	1,441	1,441
Fire Services Inspections and Plan Fees	7,320	7,320	17,010	9,690
Bulky Waste Fees	112,000	112,000	112,302	302
Recycling	58,000	58,000	66,971	8,971
Miscellaneous	50,000	50,000	75,597	25,597
EMS - Reg. Comm Ctr Fees	6,000	6,000	6,000	-
Tipping Fees	275,000	275,000	178,840	(96,160)
Senior Services	10,198	10,198	25,406	15,208
Total Fines, Penalties, and Charges for Services	518,518	518,518	535,987	17,469
Other Sources:				
Rent and Miscellaneous	1,500	1,500	5,120	3,620
Rental of Buildings	50,000	50,000	85,929	35,929
Sale of Equipment	1,000	1,000	1,031	31
NI Radio Comm. Network Use Fee	-	-	75,487	75,487
SCRRRA Rebate	-	-	2,578	2,578
Eugene O'Neill Lease	10,000	10,000	22,942	12,942
Ambulance Operating Subsidy	6,000	6,000	-	(6,000)
YSB BOE Clerical Stipend	5,000	5,000	-	(5,000)
BOE Custodial Stipend	75,927	75,927	75,927	-
Total Other Sources	149,427	149,427	269,014	119,587
Interest and Dividends:				
Interest on Investments	2,000,000	2,000,000	2,401,991	401,991
Total Revenues	106,238,958	106,238,958	104,782,776	(1,456,182)
Other Financing Sources:				
Transfers In	-	-	137,521	137,521
Appropriations of Fund Balance	1,000,000	1,000,000	-	(1,000,000)
Cancellation of Prior Year Encumbrances	-	-	4,789	4,789
Total Other Financing Sources	1,000,000	1,000,000	142,310	(857,690)
Total Revenues and Other Financing Sources	\$ 107,238,958	\$ 107,238,958	104,925,086	\$ (2,313,872)

Budgetary revenues are different than U.S. GAAP revenues because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.	8,164,373
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.	114,309
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year	(4,789)
Excess cost - student based grant	724,202
GASB 87 not budgeted - issuance of capital lease	268,834
GASB 54 activity of certain special revenue funds now consolidated into the General Fund	41,817

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

\$ 114,233,832

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over) Under
General Government:				
Selectman:				
Personnel Costs	\$ 198,172	\$ 198,172	\$ 190,083	\$ 8,089
Services	5,433	4,833	1,981	2,852
Materials and Supplies	2,800	3,400	3,190	210
Total Selectman	206,405	206,405	195,254	11,151
Registrar of Voters:				
Personnel Costs	78,980	105,111	105,107	4
Services	7,252	7,225	6,753	472
Materials and Supplies	10,293	12,736	12,736	-
Total Registrar of Voters	96,525	125,072	124,596	476
Board of Finance:				
Personnel Costs	1,708	1,708	1,627	81
Services	78,960	84,360	83,716	644
Materials and Supplies	45	45	-	45
Total Board of Finance	80,713	86,113	85,343	770
Assessor:				
Personnel Costs	272,183	272,208	270,154	2,054
Services	11,910	39,408	38,844	564
Materials and Supplies	3,120	2,269	2,200	69
Total Assessor	287,213	313,885	311,198	2,687
Board of Assessment Appeals:				
Personnel Costs	1,132	1,132	901	231
Services	610	610	370	240
Total Board of Assessment Appeals	1,742	1,742	1,271	471
Tax Collector:				
Personnel Costs	192,066	191,466	176,560	14,906
Services	39,905	40,135	39,452	683
Materials and Supplies	360	930	928	2
Total Tax Collector	232,331	232,531	216,940	15,591
Finance:				
Personnel Costs	611,921	611,921	609,962	1,959
Services	130,935	129,435	125,545	3,890
Materials and Supplies	25,000	26,500	25,991	509
Total Finance	767,856	767,856	761,498	6,358
Legal Department:				
Services	295,000	295,000	286,170	8,830

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Town Clerk:				
Personnel Costs	\$ 231,444	\$ 231,444	\$ 229,966	\$ 1,478
Services	31,255	31,629	28,850	2,779
Materials and Supplies	2,150	2,150	1,770	380
Total Town Clerk	264,849	265,223	260,586	4,637
Planning and Zoning Commission:				
Personnel Costs	635,331	645,261	616,865	28,396
Services	47,652	57,652	42,363	15,289
Materials and Supplies	3,560	3,560	1,222	2,338
Total Planning and Zoning Commission	686,543	706,473	660,450	46,023
Insurance:				
Services	4,962,182	4,962,182	4,849,535	112,647
Economic Development Commission:				
Services	25,267	25,267	9,191	16,076
Conservation Commission:				
Services	17,750	17,750	5,032	12,718
Materials and Supplies	500	500	-	500
Total Conservation Commission	18,250	18,250	5,032	13,218
Zoning Board of Appeals:				
Services	4,260	4,260	2,107	2,153
Materials and Supplies	50	50	-	50
Total Zoning Board of Appeals	4,310	4,310	2,107	2,203
Retirement Commission:				
Personnel Costs	7,760,257	7,498,844	7,461,685	37,159
Representative Town Meeting:				
Personnel Costs	1	1	-	1
Services	18,902	18,902	17,085	1,817
Total Representative Town Meeting	18,903	18,903	17,085	1,818

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over) Under
General Government (Continued):				
Building Department:				
Personnel Costs	\$ 297,309	\$ 297,459	\$ 251,186	\$ 46,273
Services	21,584	21,584	8,058	13,526
Materials and Supplies	3,639	3,489	1,620	1,869
Equipment	4,000	4,000	3,837	163
Total Building Department	326,532	326,532	264,701	61,831
Social Service Grants:				
Services	69,910	69,910	69,040	870
Contracts Out to Agencies	29,050	29,050	29,050	-
Total Social Service Grants	98,960	98,960	98,090	870
Contingency:				
Miscellaneous	265,000	1,294	-	1,294
Flood and Erosion Control Board:				
Personnel Costs	539	539	327	212
Services	545	545	-	545
Materials and Supplies	25	25	-	25
Total Flood and Erosion Control Board	1,109	1,109	327	782
Ethics Commission:				
Personnel Costs	650	650	441	209
Services	200	200	100	100
Materials and Supplies	50	50	-	50
Total Ethics Commission	900	900	541	359
Human Resources:				
Personnel Costs	168,783	170,283	170,093	190
Services	94,371	94,371	54,430	39,941
Materials and Supplies	1,050	1,050	423	627
Total Human Resources	264,204	265,704	224,946	40,758
Information Technology:				
Personnel Costs	266,535	266,535	263,734	2,801
Services	925,415	925,415	901,940	23,475
Equipment	39,473	39,473	38,227	1,246
Total Information Technology	1,231,423	1,231,423	1,203,901	27,522
Total General Government	17,896,474	17,453,978	17,040,447	413,531

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over) Under
Public Safety:				
Emergency Management:				
Personnel Costs	\$ 1,094,377	\$ 1,094,377	\$ 1,018,539	\$ 75,838
Services	99,355	99,355	67,535	31,820
Materials and Supplies	3,030	3,030	582	2,448
Total Emergency Management	1,196,762	1,196,762	1,086,656	110,106
Fire Services:				
Personnel Costs	2,330,325	2,468,549	2,397,167	71,382
Services	995,650	988,755	923,241	65,514
Materials and Supplies	259,500	306,617	285,848	20,769
Equipment	46,950	16,728	12,538	4,190
Total Fire Services	3,632,425	3,780,649	3,618,794	161,855
Police Department:				
Personnel Costs	6,520,343	6,563,100	6,462,391	100,709
Services	277,151	277,151	261,521	15,630
Materials and Supplies	218,150	239,000	230,390	8,610
Total Police Department	7,015,644	7,079,251	6,954,302	124,949
Total Public Safety	11,844,831	12,056,662	11,659,752	396,910
Public Works:				
Building Maintenance:				
Services	862,824	1,146,357	1,121,258	25,099
Materials and Supplies	8,000	9,000	8,812	188
Capital Improvements	25,000	25,000	22,321	2,679
Total Building Maintenance	895,824	1,180,357	1,152,391	27,966
Public Works:				
Personnel Costs	2,609,628	2,554,070	2,478,896	75,174
Services	1,345,332	1,402,688	1,275,823	126,865
Materials and Supplies	798,363	728,806	647,586	81,220
Equipment	11,795	11,795	10,587	1,208
Capital Improvements	321,120	321,120	292,979	28,141
Total Public Works	5,086,238	5,018,479	4,705,871	312,608
Total Public Works	5,982,062	6,198,836	5,858,262	340,574

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over) Under
Social Services:				
Youth Service Bureau:				
Personnel Costs	\$ 284,744	\$ 283,305	\$ 278,061	\$ 5,244
Services	9,835	11,274	11,051	223
Total Social Services	294,579	294,579	289,112	5,467
Conservation of Health:				
Services	148,407	148,407	148,407	-
Waterford Public Health Nursing Service:				
Contracts Out to Agencies	26,297	26,297	25,862	435
Senior Citizen Commission:				
Personnel Costs	446,201	508,614	500,870	7,744
Services	13,156	13,992	6,904	7,088
Materials and Supplies	15,481	13,795	13,331	464
Equipment	6,410	3,234	3,228	6
Total Senior Citizen Commission	481,248	539,635	524,333	15,302
Total Social Services	950,531	1,008,918	987,714	21,204
Library:				
Personnel Costs	993,737	1,007,922	999,976	7,946
Services	984	1,140	1,103	37
Materials and Supplies	455	299	228	71
Equipment	11,661	11,661	11,661	-
Total Library	1,006,837	1,021,022	1,012,968	8,054
Recreation and Parks:				
Personnel Costs	1,213,845	1,228,585	1,206,916	21,669
Services	174,667	184,526	178,704	5,822
Materials and Supplies	84,338	90,360	89,430	930
Equipment	7,480	7,621	7,559	62
Total Recreation and Parks	1,480,330	1,511,092	1,482,609	28,483
Debt Service:				
Principal	6,595,000	6,595,000	6,595,000	-
Interest	1,514,746	1,514,746	1,514,746	-
Total Debt Service	8,109,746	8,109,746	8,109,746	-
Board of Education	57,611,181	57,611,181	57,500,835	110,346
Total Expenditures	104,881,992	104,971,435	103,652,333	1,319,102

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Other Financing Uses:				
Transfers Out	\$ 2,356,966	\$ 7,036,520	\$ 7,036,520	\$ -
Total Expenditures and Other Financing Uses	<u>\$ 107,238,958</u>	<u>\$ 112,007,955</u>	110,688,853	<u>\$ 1,319,102</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.			8,164,373	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			114,309	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the order is received for financial reporting purposes.			3,332	
Excess cost - student based grant			724,202	
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund			157,138	
GASB 87 lease issuance not budgeted - capital outlay			268,834	
Transfers to Certain Special Revenue Funds consolidated with the General Fund are eliminated for GAAP reporting purposes upon consolidation.			<u>(101,290)</u>	
Total Expenditures and Other Financing Uses as Reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds			<u>\$ 120,019,751</u>	

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION TRUST FUND
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Interest	\$ 39,340	\$ 43,263	\$ 43,846	\$ 55,573	\$ 57,640	\$ 59,937	\$ 63,102	\$ 61,919	\$ 66,103	\$ 82,588
Differences Between Expected and Actual Experience	135,799	-	18,735	(116,458)	-	6,607	-	(23,064)	-	(83,403)
Changes of Assumptions	(12,936)	-	-	(38,223)	-	-	-	101,230	-	65,285
Benefit Payments	(89,164)	(86,806)	(90,966)	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)
Net Change in Total Pension Liability	73,039	(43,543)	(28,385)	(185,249)	(37,499)	(44,685)	(53,065)	14,056	(73,735)	(87,087)
Total Pension Liability - Beginning	674,405	717,948	746,333	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510	1,213,597
Total Pension Liability - Ending	747,444	674,405	717,948	746,333	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510
Plan Fiduciary Net Position:										
Contributions - Employer	22,450	27,280	27,280	83,000	82,000	89,953	82,000	81,493	84,000	83,367
Net Investment Income	55,985	57,652	52,142	(107,502)	117,497	32,400	29,150	28,406	54,202	11,137
Benefit Payments	(89,164)	(86,806)	(90,966)	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)
Administrative Expense	(1,368)	(793)	(1,833)	(5,571)	(5,755)	(5,958)	(3,271)	(4,821)	(9,314)	(6,948)
Net Change in Plan Fiduciary Net Position	(12,097)	(2,667)	(13,377)	(116,214)	98,603	5,166	(8,288)	(20,951)	(10,950)	(64,001)
Plan Fiduciary Net Position - Beginning	506,792	509,459	522,836	639,050	540,447	535,281	543,569	564,520	575,470	639,471
Plan Fiduciary Net Position - Ending	494,695	506,792	509,459	522,836	639,050	540,447	535,281	543,569	564,520	575,470
Net Pension Liability - Ending	<u>\$ 252,749</u>	<u>\$ 167,613</u>	<u>\$ 208,489</u>	<u>\$ 223,497</u>	<u>\$ 292,532</u>	<u>\$ 428,634</u>	<u>\$ 478,485</u>	<u>\$ 523,262</u>	<u>\$ 488,255</u>	<u>\$ 551,040</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18%	75.15%	70.96%	70.05%	68.60%	55.77%	52.80%	50.95%	53.62%	51.08%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

N/A - Not applicable. Plan members are retired.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUND
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 22,450	\$ 27,280	\$ 27,280	\$ 59,870	\$ 59,870	\$ 81,131	\$ 81,131	\$ 81,493	\$ 81,493	\$ 83,367
Contributions in Relation to the Actuarially Determined Contribution	22,450	27,280	27,280	83,000	82,000	89,953	82,000	81,493	84,000	83,367
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,130)</u>	<u>\$ (22,130)</u>	<u>\$ (8,822)</u>	<u>\$ (869)</u>	<u>\$ -</u>	<u>\$ (2,507)</u>	<u>\$ -</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date: July 1, 2023

Measurement Date: June 30, 2025

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level Percentage of Salary, Closed

Remaining Amortization Period

As of the July 1, 2023 Valuation Ten Years Remain.

Asset Valuation Method

The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the market value and expected actuarial value by recognizing 20% of the difference each year.

Inflation

2.40%

Cost-of-Living Increases

2.40%

Investment Rate of Return

6.25%, Net of Pension Plan Investment Expense, Including Inflation

Mortality

Pub-2010 Public Retirement Plans Amount - Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION TRUST FUND
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.50%	11.62%	10.28%	-15.96%	20.68%	5.97%	5.55%	5.12%	9.89%	1.75%

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	2.81%	2.69%	2.69%	2.84%	3.01%	3.02%	3.07%	5.54%	6.09%	4.88%
Town's Proportionate Share of the Net Pension Liability	\$ 36,869,930	\$ 38,076,968	\$ 36,950,898	\$ 20,172,566	\$ 33,488,078	\$ 31,145,927	\$ 29,401,392	\$ 13,738,876	\$ 16,236,237	\$ 12,496,017
Town's Covered Payroll	\$ 23,291,998	\$ 22,269,793	\$ 22,290,531	\$ 22,102,038	\$ 22,102,038	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.29%	170.98%	165.77%	91.27%	151.52%	140.92%	139.70%	64.60%	79.61%	67.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.54%	69.54%	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

***Notes:**

- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 4,839,158	\$ 4,200,150	\$ 4,386,351	\$ 4,047,147	\$ 3,690,224	\$ 3,273,290	\$ 2,819,839	\$ 2,694,077	\$ 2,603,848	\$ 2,423,860
Contributions in Relation to the Actuarially Determined Contribution	4,839,158	4,200,150	4,386,351	4,047,147	3,690,224	3,273,290	2,819,839	2,694,077	2,603,848	2,423,860
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 25,772,260	\$ 23,291,998	\$ 22,269,793	\$ 22,290,531	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522
Contributions as a Percentage of Covered Payroll	18.78%	18.03%	19.70%	18.16%	16.70%	15.55%	13.26%	13.21%	14.01%	13.51%

Notes to Schedule:

Valuation Date: June 30, 2024

Measurement Date: June 30, 2025

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Single Equivalent Amortization Period	Blended 23.4 to 23.5 years depending on Tier
Asset Valuation Method	Market Value on the measurement date. Plan's fiduciary net position also includes the present value of receivable initial liability payments
Inflation	2.50%
Salary Increases	3.00% - 9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Investment-Related Expense
Change in Assumptions	In 2023, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2023 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary merit were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2022.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated With the Town	82,829,622	89,609,056	98,976,445	83,564,236	105,509,269	97,008,042	74,798,836	75,284,376	79,425,593	60,790,928
Total	\$ 82,829,622	\$ 89,609,056	\$ 98,976,445	\$ 83,564,236	\$ 105,509,269	\$ 97,008,042	\$ 74,798,836	\$ 75,284,376	\$ 79,425,593	\$ 60,790,928
Town's Covered Payroll	\$ 25,580,630	\$ 25,140,741	\$ 24,402,175	\$ 24,383,687	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985	\$ 21,020,000	\$ 20,407,000
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.68%	52.69%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule:

Changes in Benefit Terms

None

Changes of Assumptions

None

Actuarial Cost Method

Entry Age

Amortization Method

Level Percent of Pay, Closed, Grading to a Level Dollar Amortization Method for the June 30, 2024 Valuation

Remaining Amortization Period

25.9 years

Asset Valuation Method

4-Year Smoothed Market

Inflation

2.50%

Salary Increase

3.00%-6.50%, Including Inflation

Investment Rate of Return

6.90%, Net of Investment-Related Expense

Note:

- The measurement date is one year earlier than the employer's reporting date.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 264,942	\$ 273,763	\$ 308,850	\$ 295,833	\$ 276,630	\$ 265,479	\$ 281,505	\$ 264,365
Interest	1,935,908	1,955,531	1,697,986	1,661,479	1,586,755	1,579,705	1,700,177	1,672,521
Differences Between Expected and Actual Experience	599,281	(1,611,564)	1,476,855	(668,560)	818,687	(1,146,862)	(1,149,976)	(829,167)
Changes of Assumptions	2,183,697	-	1,053,334	-	18,578	-	(917,752)	-
Benefit Payments, Including Refunds of Member Contributions	(642,499)	(565,359)	(475,505)	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)
Net Change in Total OPEB Liability	4,341,329	52,371	4,061,520	292,255	2,354,872	(157,635)	(798,298)	361,012
Total OPEB Liability - Beginning	30,161,924	30,109,553	26,048,033	25,755,778	23,400,906	23,558,541	24,356,839	23,995,827
Total OPEB Liability - Ending	34,503,253	30,161,924	30,109,553	26,048,033	25,755,778	23,400,906	23,558,541	24,356,839
Plan Fiduciary Net Position:								
Contributions - Employer	2,633,734	2,023,664	1,618,816	1,746,497	1,445,778	1,614,570	1,871,345	1,906,707
Net Investment Income	1,645,138	1,302,961	959,995	(1,340,230)	1,860,477	300,988	268,186	133,054
Benefit Payments, Including Refunds of Member Contributions	(642,499)	(565,359)	(475,505)	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)
Administrative Expense	(9,470)	5,609	(10,769)	(19,670)	(7,791)	(7,242)	(6,729)	(11,768)
Net Change in Plan Fiduciary Net Position	3,626,903	2,766,875	2,092,537	(609,900)	2,952,686	1,052,359	1,420,550	1,281,286
Plan Fiduciary Net Position - Beginning	13,311,529	10,544,654	8,452,117	9,062,017	6,109,331	5,056,972	3,636,422	2,355,136
Plan Fiduciary Net Position - Ending	16,938,432	13,311,529	10,544,654	8,452,117	9,062,017	6,109,331	5,056,972	3,636,422
Net OPEB Liability - Ending	<u>\$ 17,564,821</u>	<u>\$ 16,850,395</u>	<u>\$ 19,564,899</u>	<u>\$ 17,595,916</u>	<u>\$ 16,693,761</u>	<u>\$ 17,291,575</u>	<u>\$ 18,501,569</u>	<u>\$ 20,720,417</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.09%	44.13%	35.02%	32.45%	35.18%	26.11%	21.47%	14.93%
Covered Payroll	\$ 32,014,834	\$ 30,439,665	\$ 29,726,235	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413
Net OPEB Liability as a Percentage of Covered Payroll	54.86%	55.36%	65.82%	53.93%	52.39%	55.64%	61.08%	68.09%

*Note - This schedule is intended to show information for 10 years. Additional information will be added as it becomes available.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 2,516,833	\$ 2,505,310	\$ 2,231,121	\$ 2,217,688	\$ 2,139,712	\$ 2,127,089	\$ 2,482,200	\$ 2,474,700	\$ 2,607,000	\$ 2,755,300
Contributions in Relation to the Actuarially Determined Contribution	2,530,390	1,901,704	1,508,151	1,677,660	1,388,794	1,556,483	1,802,704	1,829,904	3,698,337	798,000
Contribution Deficiency (Excess)	<u>\$ (13,557)</u>	<u>\$ 603,606</u>	<u>\$ 722,970</u>	<u>\$ 540,028</u>	<u>\$ 750,918</u>	<u>\$ 570,606</u>	<u>\$ 679,496</u>	<u>\$ 644,796</u>	<u>\$ (1,091,337)</u>	<u>\$ 1,957,300</u>
Covered Payroll	\$ 32,014,834	\$ 30,439,665	\$ 29,726,235	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001	\$ 29,073,500
Contributions as a Percentage of Covered Payroll	7.90%	6.25%	5.07%	5.14%	4.36%	5.01%	5.95%	6.01%	12.49%	2.74%

Notes to Schedule:

Valuation Date: July 1, 2024
Measurement Date: June 30, 2025
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary
Amortization Period	Amortized Over 30 Years on a Closed Basis. The Amortization Began on July 1, 2006, and, as of the July 1, 2022 Valuation, 14 Years Remain.
Asset Valuation Method	Market Value
Inflation	2.40%
Healthcare Cost Trend Rates	6.50% Decreasing to 4.40%
Inflation	2.40%
Investment Rate of Return	6.50%
Retirement Age	Medical and Dental Benefits Pre-65 Medical Benefits Post-65
Mortality	Pub - 2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teacher) and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2021.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST NINE FISCAL YEARS***

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.91%	10.96%	10.10%	-13.74%	26.18%	5.44%	6.44%	4.13%	2.09%

*Note - This schedule is intended to show information for 10 years. Additional information will be added as it becomes available.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated With the Town	16,991,203	8,395,138	8,668,066	9,104,170	15,736,711	15,128,952	14,952,787	19,377,337
Total	\$ 16,991,203	\$ 8,395,138	\$ 8,668,066	\$ 9,104,170	\$ 15,736,711	\$ 15,128,952	\$ 14,952,787	\$ 19,377,337
Town's Covered Payroll	\$ 25,580,630	\$ 25,140,741	\$ 24,402,175	\$ 24,383,687	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule:

Changes in Benefit Terms
Changes of Assumptions

None

Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024;

Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Investment Rate of Return
Price Inflation

Entry Age
Level Percent of Payroll Over an Open Period
30 Years
Market Value of Assets
3.00%, Net of Investment-Related Expense Including Price Inflation
2.50%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

APPENDIX B – FORM OF LEGAL OPINION OF BOND COUNSEL AND TAX EXEMPTION

The legal opinion of the firm of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful purchaser when the Bonds are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful purchaser.

The opinion of Shipman & Goodwin LLP will be in substantially the following form:

Town of Waterford, Connecticut
Town Hall
15 Rope Ferry Road
Waterford, Connecticut 06385

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Waterford, Connecticut (the "Town") of its \$12,600,000 General Obligation Bonds, Issue of 2026, dated March 10, 2026, maturing March 1, 2028-2046 (the "Bonds").

In connection with our representation of the Town as bond counsel with respect to the Bonds, we have examined the executed Tax Certificate and Tax Compliance Agreement of the Town, each dated as of March 10, 2026, the executed Bonds, and certified records of proceedings of the Town authorizing the Bonds. In addition, we have examined and relied on originals or copies, identified to us as genuine, of such other documents, instruments or records, and have made such investigations of law as we considered necessary or appropriate for the purposes of this opinion. In making the statements contained in this opinion, we have assumed, without independently verifying, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of documents submitted to us as certified or photostatic copies, and the legal capacity and authority of all persons executing such documents.

On the basis of our review noted above and subject to the qualifications set forth herein:

1. We are of the opinion that the proceedings and above-referenced evidence show lawful authority for the issuance and sale of the Bonds under the authority of the constitution and statutes of the State of Connecticut, and that the Bonds are valid and binding general obligations of the Town payable, with respect to both principal and interest, unless paid from other sources, from *ad valorem* taxes which may be levied on all property subject to taxation by the Town without limitation as to rate or amount except as to classified property. Classified property includes certified forest land which is taxable at a limited rate. Classified property also includes dwelling houses of qualified elderly persons of low income which are taxable at limited amounts.

2. We are of the opinion that the Tax Compliance Agreement is a valid and binding agreement of the Town and that the Tax Certificate and Tax Compliance Agreement were duly authorized by the Town.

3. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds if interest on the Bonds is to be excludable from gross income under Section 103 of the Code. The Town has covenanted in the Tax Compliance Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes under the Code. In our opinion, under existing law:

(i) interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code; and

(ii) such interest is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

We express no opinion regarding other federal income tax consequences caused by ownership of, or receipt of interest on, the Bonds. In rendering the foregoing opinions regarding the federal income tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate and the Tax Compliance Agreement, and (ii) full compliance by the Town with the covenants set forth in the Tax Compliance Agreement. The inaccuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate or the Tax Compliance Agreement, or the failure of the Town to fully comply with the covenants set forth therein, may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. We are of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

The rights of the holders of the Bonds and the enforceability of the Bonds and the enforceability of the Tax Compliance Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law, regulation or judicial interpretation that may hereafter occur.

Very truly yours,

Shipman & Goodwin LLP

CERTAIN ADDITIONAL FEDERAL TAX CONSEQUENCES.

The following is a brief discussion of certain federal income tax matters with respect to the Bonds under existing statutes. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a bond. Prospective owners of the Bonds, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Recent Tax Legislation. The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law or the interpretation thereof that may occur after the date of its opinion.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Alternative Minimum Tax. The Code imposes an alternative minimum tax. The alternative minimum tax is imposed on alternative minimum taxable income, which includes items of tax preference. The interest on certain tax-exempt "private activity bonds" is treated as an item of tax preference. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds are not "private activity bonds" so that interest on the Bonds will not be treated as an item of tax preference for purposes of calculating the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds **shall not** be designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Changes in Federal Tax Law. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. There can be no assurance that legislation enacted or

proposed after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status or the market price of the Bonds.

Other. Ownership of the Bonds may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and the disposition thereof, including the extent to which gains and losses from the sale or exchange of Bonds held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). The offering prices relating to the yields set forth in this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

Under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after

the initial offering and sale, and the state and local tax consequences of owning or disposing of such OID Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of Bonds should consult their tax advisors regarding the amortization of premium and the effect upon basis.

* * * * *

The information above does not purport to deal with all aspects of federal or state taxation that may be relevant to particular investors. Prospective investors, particularly those that may be subject to special rules, are advised to consult their own tax advisors regarding the federal and state tax consequences of owning and disposing of the Bonds, including any tax consequences arising under the laws of any state or other taxing jurisdiction.

APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) certain annual financial information and operating data, (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain listed events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date, all pursuant to a Continuing Disclosure Agreement for the Bonds in substantially the following form:

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") is made as of the 10th day of March, 2026 by the Town of Waterford, Connecticut (the "Town") acting by its undersigned officers, duly authorized, in connection with the issuance of the Town's \$12,600,000 General Obligation Bonds, Issue of 2026 (the "Bonds"), dated March 10, 2026 for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. As of the date of this Agreement, the MSRB has designated its Electronic Municipal Market Access System ("EMMA") (<http://emma.msrb.org>) to receive submissions of continuing disclosure documents that are described in the Rule.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Town agrees to provide, or cause to be provided, to the MSRB in an electronic format as prescribed by the MSRB, in accordance with the provisions of the Rule and this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2026), as follows:

(i) the audited general purpose financial statements of the Town, which financial statements include the Town's general fund, any special revenue funds, enterprise and internal service (proprietary) funds, agency and trust (fiduciary) funds and the general fixed assets and general long-term debt account groups, for the prior fiscal year, which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Town prepares its financial statements in accordance with generally accepted accounting principles.

(ii) the following financial information and operating data to the extent not included in the financial statements described in (i) above:

- A. amounts of the gross and the net taxable grand list applicable to the fiscal year,
- B. listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- C. percentage of the annual property tax levy uncollected as of the close of the preceding fiscal year,
- D. schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- E. calculation of total direct debt and total direct net debt as of the close of the fiscal year,
- F. total direct debt and total direct net debt of the Town per capita,
- G. ratios of the total direct debt and total direct net debt of the Town to the Town's net taxable grand list,
- H. statement of statutory debt limitation as of the close of the fiscal year, and
- I. funding status of the Town's pension benefit obligation.

(b) The financial information and operating data described above shall be provided not later than eight months after the close of the fiscal year for which such information is being provided, commencing with information for the fiscal year ending June 30, 2026. The Town agrees that if audited information is not available eight months after the close of the fiscal year, it shall submit unaudited information by such time and will submit audited information when available.

(c) Annual financial information and operating data may be provided in whole or in part by reference to other documents available to the public on the MSRB's internet website or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Town reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format for the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required or permitted by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

(e) The Town may file information with the MSRB, from time to time, in addition to that specifically required by this Agreement (a “Voluntary Filing”). If the Town chooses to make a Voluntary Filing, the Town shall have no obligation under this Agreement to update information contained in such Voluntary Filing or include such information in any future filing. Notwithstanding the foregoing provisions of this Section 2(e), the Town is under no obligation to provide any Voluntary Filing.

Section 3. Listed Events.

The Town agrees to provide, or cause to be provided, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB in an electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Town;
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

For purposes of events (o) and (p) above, the term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with the MSRB pursuant to the Rule.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Town agrees to provide, or cause to be provided, in a timely manner, to the MSRB in an electronic format as prescribed by the MSRB, notice of any failure by the Town to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Town or by any agents which may be employed by the Town for such purpose from time to time.

Section 6. Termination.

The obligations of the Town under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Town ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 8. Enforcement.

The Town acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure within a reasonable time (but not exceeding thirty (30) days with respect to the undertakings set forth in Section 2 hereof or five (5) business days with respect to undertakings set forth in Sections 3 and 4 hereof) from the time the Director of Finance receives written notice from

any beneficial owner of the Bonds of such failure. The present address of the Director of Finance is Town of Waterford, Town Hall, 15 Rope Ferry Road, Waterford, Connecticut 06385. In the event the Town does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The Town expressly acknowledges and the beneficial owners are hereby deemed to expressly agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 9. Miscellaneous.

(a) The Town shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Town from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Town elects to provide any such additional information, data or notices, the Town shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(b) This Agreement shall be governed by the laws of the State of Connecticut.

(c) Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if (i) such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, (ii) the Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances, and (iii) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially adversely affect the beneficial owner of the Bonds. A copy of any such amendment or waiver will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following the adoption of any such amendment or waiver will explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided.

TOWN OF WATERFORD, CONNECTICUT

By _____
Robert J. Brule
First Selectman

By _____
Kimberly Allen
Director of Finance

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

\$12,600,000

TOWN OF WATERFORD, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2026 BOOK-ENTRY-ONLY

ELECTRONIC PROPOSALS via PARITY® Competitive Bidding System ("PARITY") will be received by the Town of Waterford, Connecticut (the "Town") at the office of Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, until **11:30 A.M. (Eastern Time) on TUESDAY,**

FEBRUARY 24, 2026

for the purchase, when issued, of the whole of the Town's \$12,600,000 General Obligation Bonds, Issue of 2026, dated March 10, 2026, bearing interest payable semiannually on March 1 and September 1 in each year until maturity, commencing September 1, 2026, and maturing on March 1 in each year as follows:

2028	\$665,000	2038	\$665,000
2029	\$665,000	2039	\$665,000
2030	\$665,000	2040	\$660,000
2031	\$665,000	2041	\$660,000
2032	\$665,000	2042	\$660,000
2033	\$665,000	2043	\$660,000
2034	\$665,000	2044	\$660,000
2035	\$665,000	2045	\$660,000
2036	\$665,000	2046	\$660,000
2037	\$665,000		

(the "Bonds"). The Bonds will be delivered against payment in Federal funds in New York, New York on or about March 10, 2026. The Bonds **shall not be** designated by the Town as "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due.

The Bonds maturing on or before March 1, 2034 are not subject to redemption prior to maturity. The Bonds maturing on March 1, 2035 and thereafter are subject to redemption prior to maturity, at the option of the Town, on and after March 1, 2034, at any time in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 2034 and thereafter	100%

Proposals. All proposals for the purchase of the Bonds must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of 1/20 or 1/8 of 1% the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to any interest on the Bonds accrued to the date of delivery. **No proposal for less than the entire \$12,600,000 Bonds, or for less than par and accrued interest, will be considered.**

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder or bidders offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 10, 2026, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The Town reserves the right to reject any and all proposals, to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

Electronic Proposals Bidding Procedure. Electronic proposals for the purchase of the Bonds must be submitted through the facilities of PARITY® by **11:30 A.M. (Eastern Time), on Tuesday, February 24, 2026.** Any prospective bidder must be a subscriber of Bidcomp's competitive bidding system. Further information about Bidcomp/ PARITY®, including any fee charged, may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021. The Town will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic proposal made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed proposal delivered to the Town. By submitting a proposal for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's proposal for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such proposal by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY®, the use of such facilities being the sole risk of the prospective bidder.

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a proposal or for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, PARITY®. The Town

is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular proposal complies with the terms of this Notice of Sale and in particular the proposal requirements set forth herein. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of proposals via PARITY® are the sole responsibility of the bidders, and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a proposal for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale conflicts with information provided by PARITY®, this Notice of Sale shall control.

For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their proposals the true interest cost to the Town, as described under "Basis of Award" above, represented by the rate or rates of interest and the premium, if any, specified in their respective proposals. All electronic proposals shall be deemed to incorporate the provisions of this Notice of Sale.

Bond Counsel Opinion. The legal opinion of Shipman & Goodwin LLP of Hartford, Connecticut, Bond Counsel, will be furnished without charge and will be placed on file with the certifying bank for the Bonds. A copy of the opinion will be delivered to each purchaser of the Bonds. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid and binding general obligations of the Town when duly certified, (2) that, assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), based on existing law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code; and (3) that interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Obligation to Deliver Issue Price Certificate. Pursuant to the Code and applicable Treasury Regulations, the Town must establish the "issue price" of the Bonds. **In order to assist the Town, the winning bidder is obligated to deliver to the Town a certificate (an "Issue Price Certificate") and such additional information satisfactory to Bond Counsel described below, prior to the delivery of the Bonds.** The Town will rely on the Issue Price Certificate and such additional information in determining the issue price of the Bonds. The form of Issue Price Certificate is available by contacting Susan Caron, Vice President, Munistat Services, Inc., Email: susan.caron@munistat.com, Telephone: (860) 372-1887, municipal advisor to the Town (the "Municipal Advisor").

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Bonds, is a good faith offer which the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted for the purpose of assisting in meeting the competitive sale rule relating to the establishment of the issue price of the Bonds pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Rule").

The Municipal Advisor will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Bonds. **Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.**

Competitive Sale Rule Met. If the Municipal Advisor advises the winning bidder that the Competitive Sale Rule has been met, the winning bidder shall, within one (1) hour after being notified of the award of the Bonds, advise the Municipal Advisor by electronic or facsimile transmission of the reasonably expected initial offering price to the public of each maturity of the Bonds as of February 24, 2026 (the “Sale Date”).

Competitive Sale Rule Not Met. By submitting a bid, the winning bidder agrees (unless the winning bidder is purchasing the Bonds for its own account and not with a view to distribution or resale to the public) that if the Competitive Sale Rule is not met, it will satisfy either the **10% Sale Rule** or the **Hold the Offering Price Rule** described below with respect to each maturity of the Bonds prior to the delivery date of the Bonds. The rule selected with respect to each maturity of the Bonds shall be set forth on an Issue Price Rule Selection Certificate, which shall be sent to the winning bidder promptly after the award of the Bonds. The winning bidder shall complete and execute the Issue Price Rule Selection Certificate and email it to Bond Counsel and the Municipal Advisor by 5:00 P.M. Eastern Time on the day after the Sale Date. **If the Issue Price Rule Selection Certificate is not returned by this deadline, or if no selection is made with respect to maturity, the winning bidder agrees that the Hold the Offering Price Rule shall apply to such maturities.**

10% Sale Rule. To satisfy the 10% Sale Rule for any maturity, the winning bidder:

- (i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;
- (ii) will report to the Town information regarding the actual prices at which at least 10 percent (10%) of the Bonds of each maturity have been sold to the public;
- (iii) will provide the Town with reasonable supporting documentation or certifications of such sales prices, the form of which is acceptable to Bond Counsel. If the 10% Sale Rule is used with respect to a maturity of the Bonds, this reporting requirement will continue, beyond the closing date of the Bonds, if necessary, until such date that at least 10 percent (10%) of such maturity of the Bonds has been sold to the public; and
- (iv) has or will include in any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the reporting requirement described above.

Hold the Offering Price Rule. To satisfy the Hold the Offering Price Rule for any maturity, the winning bidder:

- (i) will make a bona fide offering to the public of all of the Bonds at the initial offering prices and provide Bond Counsel with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel;
- (ii) will neither offer nor sell to any person any Bonds of such maturity at a price that is higher than the initial offering price of each maturity until the earlier of (i) the date on which the winning bidder has sold to the public at least ten percent (10%) of the Bonds of such maturity at a price

that is no higher than the initial offering price of such maturity or (ii) the close of business on the fifth (5th) business day after the Sale Date of the Bonds; and

(iii) has or will include within any agreement among underwriters, selling group agreement or retail distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, language obligating each underwriter to comply with the limitations on the sale of the Bonds as set forth above.

For purposes of the 10% Sale Rule or the Hold the Offering Price Rule, a “maturity” refers to Bonds that have the same interest rate, credit and payment terms.

If the winning bidder has purchased any maturity of the Bonds for its own account and not with a view to distribution or resale to the public, then, whether or not the Competitive Sale Rule was met, the Issue Price Certificate will recite such facts and identify the price or prices at which such maturity of the Bonds was purchased.

For purposes of this Notice of Sale, the “public” does not include the winning bidder or any person that agrees pursuant to a written contract with the winning bidder to participate in the initial sale of the Bonds to the public (such as a retail distribution agreement between a national lead underwriter and a regional firm under which the regional firm participates in the initial sale of the Bonds to the public). In making the representations described above, the winning bidder must reflect the effect on the offering prices of any “derivative products” (e.g., a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Preliminary Official Statement and Official Statement. The Town has prepared a Preliminary Official Statement dated February 17, 2026 for this Bond issue. The Town deems such Preliminary Official Statement final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for omissions permitted thereby, but the Preliminary Official Statement is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the final Official Statement at the Town's expense by the delivery of the Bonds or, if earlier, by the seventh business day after the day proposals on the Bonds are received. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies may be obtained by the purchaser at its own expense by arrangement with the printer.

The purchaser agrees to promptly file the final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

DTC Book-Entry. The Bonds will be issued by means of a book-entry-only system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to the Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. Ownership of the Bonds will be evidenced in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial

Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

Certifying, Transfer and Paying Agent; Registrar. The Bonds will be certified by U.S. Bank Trust Company, National Association, Hartford, Connecticut, which will also act as transfer and paying agent and registrar.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry-only system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Town's Municipal Advisor, Munistat Services, Inc., to apply for CUSIP numbers for the Bonds by no later than one business day after dissemination of this Notice of Sale. Munistat Services, Inc. will provide CUSIP Global Services with the final details of the sale of the Bonds in accordance with Rule G-34 of the Municipal Securities Rulemaking Board, including the identity of the winning purchaser. The Town will not be responsible for any delay caused by the inability to deposit the Bonds with DTC due to the failure of Munistat Services, Inc. to obtain such numbers and provide them to the Town in a timely manner. The Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Continuing Disclosure Agreement. The Town will agree, in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, to provide, or cause to be provided, (i) certain annual financial information and operating data; (ii) timely, but not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before a specified date. The winning purchaser's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Additional Information. For more information regarding this Bond issue and the Town, reference is made to the Preliminary Official Statement dated February 17, 2026. The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. Electronic access to the Preliminary Official Statement is being provided as a matter of convenience only. The only official version of the Preliminary Official Statement is the printed version for physical delivery. Copies of the Preliminary Official Statement and Official Statement may be obtained from Susan Caron, Vice President, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, Telephone (860) 372-1887.

February 17, 2026

Robert J. Brule
First Selectman

Kimberly Allen
Director of Finance

ISSUE PRICE RULE SELECTION CERTIFICATE

Town of Waterford, Connecticut
\$12,600,000 General Obligation Bonds, Issue of 2026

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (the “Representative”), on behalf of itself and [OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies that it will use the rule selected below for the respective maturity of the above-captioned bonds (the “Bonds”), as described in the Notice of Sale for the Bonds, dated February 17, 2026 (the “Notice of Sale”). For a description of the requirements of each rule, please refer to the section “Obligation to Deliver Issue Price Certificate” in the Notice of Sale. Capitalized terms used but not defined herein are defined in the Notice of Sale.

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	10% Sale Rule (Underwriter has or will comply with 10% Sale Rule for this Maturity)		Hold the Offering Price Rule (Underwriter will comply with Hold the Offering Price Rule for this Maturity)	
			<u>Check Box</u>	<u>Sales Price</u>	<u>Check Box</u>	<u>Initial Offering Price</u>
03/01/2028	\$665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2029	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2030	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2031	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2032	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2033	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2034	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2035	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2036	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2037	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2038	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2039	665,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2040	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2041	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2042	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2043	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2044	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2045	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____
03/01/2046	660,000	____%	<input type="checkbox"/>	\$ _____	<input type="checkbox"/>	\$ _____

(All Sales Prices or Initial Offering Prices must be filled in prior to the delivery date of the Bonds.)

**[NAME OF UNDERWRITER/
REPRESENTATIVE]**

By: _____
Name:
Title:

Email this completed and executed certificate to the following by 5:00 P.M. (Eastern Time) on February 25, 2026:

Bond Counsel: mritter@goodwin.com

Municipal Advisor: susan.caron@munistat.com